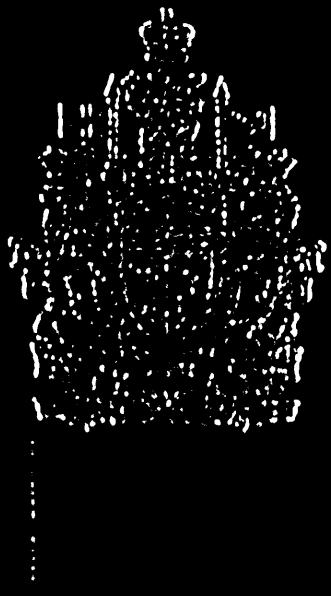

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INTRODUCTION

INTRODUCTION

En 1954, préoccupés par les luttes internes dont la succession de Staline faisait l'enjeu, les dirigeants soviétiques renonçaient aux aspects les plus virulents de leur campagne anti-occidentale et poursuivaient leurs efforts pour trouver un terrain d'entente avec les États-Unis et leurs alliés de l'Extrême-Orient et de l'Europe. Dans la péninsule coréenne, l'armistice négocié l'année précédente tenait bon. En Europe, une Alliance de l'Atlantique Nord forte et confiante consolidait ses positions à la faveur d'une série de conférences tenues à Londres et à Paris pour définir les conditions du réarmement de l'Allemagne de l'Ouest. Robert Ford, de retour de Moscou au début du printemps de 1954, était rassuré par le cours des événements :

> Il est possible de maintenir la paix ou du moins l'état de « guerre froide » qui, à notre époque, passe pour la paix. Cela ne veut pas nécessairement dire qu'une ou l'autre partie renonce à l'espoir de convertir le reste du monde à son mode de vie, mais qu'il devrait être possible d'éliminer la guerre comme moyen d'instaurer des changements (document 693).

Le secrétaire d'État aux Affaires extérieures, Lester B. Pearson, ne partageait pas le même enthousiasme au sujet des chances de paix. Le plus qu'on puisse dire de 1954, concluait-il en décembre, c'est que « les troubles les plus graves demeurent une éventualité plutôt qu'une réalité; nous avons, au moins temporairement, réussi à échapper aux menaces de détérioration[1] ». Ces divergences dans le bilan de 1954 que Ford et Pearson dressaient ne sont guère étonnantes, car la transition entre la première phase de la guerre froide, caractérisée par les crises, et un ordre mondial plus stable, quoique toujours dangereux, était au mieux incertaine, mélange d'éléments déroutants du passé et de l'avenir.

Ces thèmes monopolisent une grande partie du chapitre consacré à l'Organisation du Traité de l'Atlantique Nord (OTAN) et sont étroitement liés au réarmement de l'Allemagne et à la lutte pour s'emparer de l'avantage stratégique en Europe centrale (chapitre 3, parties 2, 3 et 4). Tout au long de l'année, l'Alliance a dû répliquer aux efforts déployés par les Soviétiques pour désamorcer les tensions en Europe par la neutralisation de l'Allemagne. Sous l'impulsion du secrétaire d'État américain John Foster Dulles, l'OTAN a réagi en cherchant avec ténacité à faire adhérer l'Allemagne de l'Ouest à l'Alliance. Comme la plupart de leurs collègues alliés, les responsables canadiens des politiques doutaient que Moscou tienne à parvenir à un règlement en Europe et étaient disposés à accepter la grande stratégie élaborée à Washington, Londres et Paris. Ottawa insistait néanmoins pour qu'on la consulte, et, dans l'optique canadienne, l'importance des discussions sur les ouvertures soviétiques et la communauté européenne de défense tient à la persistance des efforts de Pearson pour faire en sorte que l'OTAN devienne une tribune de consultations véritables entre les alliés.

La perspective de l'entrée de l'Allemagne de l'Ouest dans l'Alliance de l'Atlantique Nord provoquait l'indignation de Moscou. Aux Nations Unies, la délégation soviétique proposait à l'Assemblée générale trois initiatives de propagande anti-américaine qui ont fait retentir une note discordante à la fin de la neuvième session.

---

[1] Lester B. Pearson, « New Year's Message by the Secretary of State for External Affairs », *Statements and Speeches*, n° 54/61.

INTRODUCTION

In 1954, preoccupied with the internal struggle over Stalin's succession, Soviet leaders abandoned the more virulent aspects of their anti-Western campaign and continued their efforts to seek an accommodation with the United States and its allies in the Far East and in Europe. Along the Korean peninsula, the armistice negotiated the year before held fast. In Europe, a strong and confident North Atlantic alliance consolidated its position when the conditions for West Germany's rearmament were elaborated in a series of conferences in London and Paris. For Robert Ford, who returned from Moscow early in the spring of 1954, these were reassuring developments:

> [P]eace, or at least a state of 'cold war', which passes for peace these days, can be maintained. This does not necessarily mean that either side abandons its hopes that eventually some or all of the rest of the world can be converted to its way of life. But it does mean that it should be possible to eliminate war as a means of bringing about changes (Document 693).

The Secretary of State for External Affairs, Lester B. Pearson, was not as sanguine about the prospects for peace. The most that could be said about 1954, he concluded in December, was "that the gravest disturbances ... remained potential rather than actual; threats of deterioration which were, at least temporarily, successfully averted."[1] That Ford and Pearson should differ in their assessments of 1954 is hardly surprising, for the transition from the first, crisis-filled phase of the Cold War to a more stable, yet still dangerous, world order, was at best uncertain, containing confusing elements of the past and the future.

These themes take up much of the chapter on the North Atlantic Treaty Organization (NATO), and are closely associated with German rearmament and the struggle for strategic advantage in central Europe (Chapter 3, Sections 2, 3 and 4). Throughout the year, the alliance was forced to reply to repeated Soviet efforts to defuse tension in Europe through the neutralization of Germany. Spurred on by the American Secretary of State, John Foster Dulles, NATO responded by tenaciously seeking to incorporate West Germany into the alliance. Like most of their allied colleagues, Canadian policy-makers were sceptical of Moscow's interest in reaching a European settlement and were prepared to accept the 'grand strategy' worked out in Washington, London and Paris. However, Ottawa insisted on being consulted, and from the Canadian perspective, the significance of the discussions on the Soviet overtures and the European Defence Community lay in Pearson's continuing efforts to turn NATO into a forum for genuine inter-allied consultation.

The prospective incorporation of West Germany into the North Atlantic alliance provoked a spasm of outrage in Moscow. At the United Nations, the Soviet delegation sponsored three anti-American propaganda items in the General Assembly, which ended its ninth session on a sour note as a result. Still, as the documents in this volume make clear, there was no obscuring the optimism that resulted from the United Nations' success in disarmament matters, a subject that absorbed two-thirds of the General Assembly's time. The unanimity with which the world organization agreed on resolutions to revive stalled disarmament talks (Documents 138 to 166)

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[1] Lester B. Pearson, "New Year's Message by the Secretary of State for External Affairs," *Statements and Speeches* No. 54/61.

Pourtant, comme les documents réunis dans le présent volume le montrent clairement, l'optimisme suscité par le succès des Nations Unies en matière de désarmement, question qui avait occupé les deux tiers du temps de l'Assemblée générale, restait inentamé. L'unanimité avec laquelle l'organisation mondiale avait adopté des résolutions en vue de relancer les pourparlers sur le désarmement (documents 138 à 166) et d'étudier la possibilité de mettre sur pied une organisation internationale de l'énergie atomique (documents 167 à 207) a répandu « plus d'harmonie et de lumière... que jamais depuis la première Assemblée générale, à Londres, il y a neuf ans » (document 210). Pearson étant retenu en Europe auprès de l'OTAN, Paul Martin, ministre de la Santé et du Bien-être social et vice-président de la délégation canadienne à l'Assemblée générale, s'est affirmé comme principal porte-parole du Canada à l'ONU. À titre de négociateur principal des puissances occidentales avec l'Union soviétique au sujet de la résolution sur le désarmement, Martin a vu largement récompensée sa persévérance dans la recherche d'un compromis — ce qui était son plus grand talent de diplomate. Néanmoins, cette attitude a suscité des inquiétudes à Ottawa, au point que Pearson a lancé une mise en garde à son collègue : « Il ne faut pas pousser cet effort si loin que nous risquions de susciter des difficultés dans nos relations avec les États-Unis. » (Document 163)

Le premier ministre, Louis Saint-Laurent, s'est également lancé dans le circuit diplomatique en 1954, faisant une longue tournée mondiale pendant les premiers mois de l'année pour rencontrer ses homologues en Europe et en Asie. Cette tournée a été mal documentée et il en reste peu de témoignages, hormis les documents qui relatent les rencontres de Saint-Laurent avec le premier ministre de l'Inde, Jawaharlal Nehru. Ces documents qui ont survécu donnent cependant au lecteur une idée des difficultés auxquelles se heurtaient Saint-Laurent et Pearson, le Canada essayant de surmonter des dissensions de plus en plus marquées entre New Delhi et Washington au sujet des affaires asiatiques (documents 435 à 442). Les mêmes tendances s'observent dans les documents qui portent sur l'aide militaire accordée au Pakistan par les États-Unis (documents 431 à 434). De façon plus générale, la volonté du Canada de préserver la stabilité économique et politique de l'Asie comme rempart contre l'expansion communiste en Extrême-Orient se lit dans la trame de la longue série de documents sur le Plan Colombo (documents 390 à 430).

L'Asie occupait une grande place dans les relations extérieures du Canada en 1954. À leur réunion tenue à Berlin en février, les ministres des Affaires étrangères de la France, de la Grande-Bretagne, des États-Unis et de l'Union soviétique ont convenu de convoquer une conférence à Genève afin de trouver une solution au problème coréen. Tous les combattants, y compris la République populaire de Chine, la Corée du Nord et la Corée du Sud y ont été invités, et tous y ont participé à l'exception de l'Afrique du Sud. L'atmosphère était tendue. Un délégué canadien évoquait plus tard ses souvenirs en ces termes : « Au printemps et au début de l'été de cette année-là, Genève était un endroit extraordinaire... au centre de l'attention du monde entier[2]. » Mais la conférence n'a pas tardé à s'enliser dans une impasse au sujet des modalités de surveillance des élections en Corée du Nord et en Corée

[2] John Holmes, « Geneva 1954 » *International Journal*, volume XXII, nº 3 (été 1967), p. 463.

and to explore the possibility of an international atomic energy agency (Documents 167 to 207) resulted in "more sweetness and light ... than at any time since the first General Assembly met in London nine years ago." (Document 210) With Pearson tied up in Europe with NATO, Paul Martin, the Minister of Health and Welfare and vice-chairman of the Canadian delegation to the General Assembly, emerged as Canada's foremost spokesman at the United Nations. As the principal negotiator for the Western powers with the Soviet Union on the disarmament resolution, Martin's persistence in search of compromise — his greatest strength as a diplomat — was well rewarded. Nevertheless, it prompted concern in Ottawa and caused Pearson to warn his colleague that "I do not think that the effort should be continued to a point where it would cause trouble between us and the United States." (Document 163)

The Prime Minister, Louis St. Laurent, also ventured onto the diplomatic circuit in 1954, undertaking an extended world tour during the first few months of the year to meet his counterparts in Europe and Asia. The visit was poorly documented and few records, apart from those chronicling St. Laurent's meetings with the Indian prime minister, Jawaharlal Nehru, survive. These, however, offer the reader a hint of the difficulties that faced St. Laurent and Pearson as Canada tried to bridge the growing divisions between New Delhi and Washington over Asian affairs (Documents 435 to 442). Similar impulses are reflected in the documentation on American military aid to Pakistan (Documents 431 to 434). More generally, Canada's desire to maintain the economic and political stability of Asia as a bulwark against Communist expansion in the Far East underpins the lengthy series of documents on the Colombo Plan (Documents 390 to 430).

Asia bulked large in Canada's external relations in 1954. At their Berlin meeting in February, the foreign ministers of France, Great Britain, the United States and the Soviet Union agreed to convene a conference in Geneva to find a solution to the Korean problem. All of the combatants, including the People's Republic of China, North Korea and South Korea, were invited, and all but South Africa agreed to attend. The atmosphere was electric. A Canadian delegate later recalled that "Geneva in that spring and early summer was an extraordinary place ... the centre of attention of the whole world."[2] The conference, however, was quickly deadlocked over how best to supervise the elections in North and South Korea, which all agreed were a necessary prelude to unification. In drafting a declaration to explain their decision to break off the talks, the sixteen-member United Nations coalition was torn apart by Washington's determination to yield no ground even at the cost of losing the battle, increasingly important in the Cold War context, for world opinion. Pearson and the Canadian delegation fought to maintain the coalition's unity (Documents 19 to 87). The stalemate in Geneva and the armistice in Korea, though hardly a satisfactory ending to an experiment in collective security that cost Canada 1,642 casualties, at least allowed Ottawa to begin withdrawing its troops from Asia (Documents 88 to 91).

[2] John Holmes, "Geneva 1954," *International Journal*, Volume XXII, No. 3 (Summer 1967), p. 463.

du Sud, ce qui, tous en convenaient, était une condition indispensable à l'unification. Obligée de rédiger une déclaration expliquant sa décision d'interrompre les pourparlers, la coalition de 16 membres des Nations Unies était déchirée à cause de la détermination de Washington de ne pas céder de terrain, quitte à perdre la bataille, car cela était de plus en plus important aux yeux de l'opinion mondiale dans le contexte de la Guerre froide. Pearson et la délégation canadienne s'efforçaient de maintenir l'unité de la coalition (documents 19 à 87). L'impasse de Genève et l'armistice de Corée étaient loin d'être une issue satisfaisante à des efforts de sécurité collective qui avaient coûté la vie à 1 642 Canadiens, mais elles permettaient au moins à Ottawa de retirer ses troupes d'Asie (documents 88 à 91).

Les entretiens de Genève ont eu une autre conséquence importante pour la politique étrangère du Canada. Au cours des premiers mois de l'année, l'insurrection des communistes contre la France au Cambodge, au Laos et au Vietnam remportait une série de victoires dont le point culminant fut le siège des troupes françaises à Dien Bien Phu. Le Canada voyait avec inquiétude Paris perdre le moral, tandis que Washington essayait de galvaniser la détermination des Français par des promesses d'une « intervention concertée » (documents 714 à 722). L'échec américain a mené à la deuxième conférence de Genève sur l'Indochine, où la France, la Grande-Bretagne et la République populaire de Chine ont trouvé le moyen de mettre un terme aux combats. À la grande surprise d'Ottawa, le Canada s'est soudain retrouvé, avec la Pologne et l'Inde, membre du groupe international mis sur pied pour surveiller le cessez-le-feu (Chapitre 7, partie 1). En un an, 160 militaires et diplomates canadiens ont été affectés aux quatre coins du sud-est de l'Asie[3]. La participation canadienne aux trois commissions — une pour le Laos, une pour le Cambodge et l'autre pour le Vietnam — devait avoir un profond retentissement sur la politique étrangère du Canada au cours des deux décennies suivantes. Le présent volume propose une riche sélection de documents qui font la chronique des premières expériences du ministère dans cette partie de l'Asie.

Si la stabilité semblait mieux assurée et les tensions moins vives en Asie, en Europe centrale et aux Nations Unies, la terrifiante menace d'une guerre thermonucléaire, déclenchée accidentellement ou de propos délibéré, subsistait. Pearson fut consterné lorsque Dulles annonça en janvier que les États-Unis auraient recours, pour assurer leur défense, à une « puissance de représailles massive mise en action instantanément par des moyens et à des endroits que nous serons seuls à choisir[4] ». Pearson réfuta le point de vue de Dulles dans une allocution prononcée au National Press Club, à Washington, lui rappelant que « le "nous" en question devait désigner ceux qui avaient convenu, notamment dans le cadre de l'OTAN, de collaborer et d'agir de concert pour prévenir la guerre et, si la guerre ne pouvait être évitée, pour remporter la victoire[5] ». Le raisonnement sous-jacent aux déclarations publiques de Pearson sur cette question est documenté en partie dans le présent volume (documents 443 à 445).

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[3] Canada, ministère des Affaires extérieures, *Rapport annuel de 1954* (Ottawa, 1955) p. iii.

[4] John Foster Dulles, « The Evolution of Foreign Policy », Département d'État des États-Unis, *Bulletin*, volume XXX, nº 761, 25 janvier 1954, p. 107-110.

[5] L.B. Pearson, « A Look at the 'New Look' », texte de l'allocution du secrétaire d'État aux Affaires extérieures au National Press Club, Washington, 15 mars 1954, *Statements and Speeches*, nº 54/16.

The gathering in Geneva had another important consequence for Canadian foreign policy. During the first few months of the year, the Communist-led insurgency against France in Cambodia, Laos and Vietnam enjoyed a string of victories, culminating in the siege of French troops at Dien Bien Phu. Canada watched with concern as morale collapsed in Paris, and Washington tried to stiffen French resolve with promises of "united action" (Documents 714 to 722). The American failure led to a second Geneva conference on Indochina where France, Great Britain, and the People's Republic of China engineered an end to the fighting. To Ottawa's surprise, Canada suddenly found itself, with Poland and India, part of the international supervisory machinery established to oversee the cease-fire (Chapter 7, Section 1). Within a year, 160 Canadian military and diplomatic personnel were scattered on duty throughout Southeast Asia.[3] Canada's participation on the three commissions — one each for Laos, Cambodia and Vietnam — would have profound implications for Canada's foreign policy over the next two decades. This volume includes a generous selection of material chronicling the department's first experiences in this part of Asia.

Despite signs of increased stability and decreased tension in Asia, in central Europe and at the United Nations, the terrifying possibility of thermonuclear war — by accident or by design — remained. Pearson was dismayed by Dulles's announcement in January that the United States would rely for its defence on "massive retaliatory power" applied "instantly, by means and at places of our own choosing."[4] Pearson rebuked Dulles in a speech to the National Press Club in Washington, reminding him "that the 'our' in this statement should mean those who have agreed, particularly in NATO, to work together and by collective action to prevent war or, if that should fail, to win it."[5] Some of the rationale behind Pearson's public statements on this issue is documented in this volume (Documents 443 to 445).

Pearson and the Minister of National Defence, Brooke Claxton, were also distressed to discover that NATO's military planners had based their latest strategic considerations on the assumption that theatre commanders would have automatic recourse to nuclear weapons in the event of war (Documents 356 to 380). Their fear that Canada might be drawn into a nuclear confrontation without forewarning or prior discussion was not entirely misplaced. Late in the year, nuclear war ominously loomed when the People's Republic of China and the United States squared off over a handful of small islands in the Straits of Formosa. This crisis, which reached its climax in 1955, will be covered in Volume 21.

The increasingly public nature of nuclear diplomacy in 1954 had an unsettling impact on opinion in Canada and, more important, the United States. Public and Congressional pressure in the United States encouraged officials in both countries

[3] Canada, Department of External Affairs, *Annual Report 1954* (Ottawa, 1955) p. iii.
[4] John Foster Dulles, "The Evolution of Foreign Policy," United States Department of State, *Bulletin*, Volume XXX, No. 761, January 25, 1954, pp. 107-110.
[5] L.B. Pearson, "A Look at the 'New Look'," Text of Address by the Secretary of State for External Affairs to the National Press Club, Washington, D.C., March 15, 1954, *Statements and Speeches*, No. 54/16.

Pearson et le ministre de la Défense nationale, Brooke Claxton, ont été également consternés d'apprendre que les planificateurs militaires de l'OTAN avaient fait reposer leurs plus récentes considérations stratégiques sur l'hypothèse selon laquelle les commandants sur le théâtre des opérations auraient automatiquement recours à des armes nucléaires en cas de guerre (documents 356 à 380). La crainte que le Canada ne soit entraîné dans un affrontement nucléaire sans avertissement ni discussion préalable n'était pas entièrement dénuée de fondement. Vers la fin de l'année, la guerre nucléaire devenait une lourde menace, la République populaire de Chine et les États-Unis s'affrontant au sujet d'une poignée de petites îles dans le détroit de Formose. Cette crise, qui a culminé en 1955, sera traitée dans le volume 21. Le caractère de plus en plus public de la diplomatie nucléaire, en 1954, a eu un effet déstabilisateur sur l'opinion canadienne et, plus important encore, sur l'opinion américaine. Les pressions du Congrès et de l'opinion américaine ont incité les dirigeants des deux pays à intensifier leurs efforts en vue d'accroître les installations de défense du continent pour contrer la menace soviétique appréhendée (documents 448 à 462). Même dans ces conditions, il a fallu près d'un an à Ottawa pour accéder à une requête des États-Unis qui voulaient établir dans l'Arctique un réseau d'alerte avancé (documents 446 à 490). Dès cette époque, les responsables de la politique des ministères de la Défense nationale et des Affaires extérieures commençaient à envisager la probabilité que les États-Unis finissent par souhaiter l'établissement d'un commandement conjoint des forces canadiennes et américaines affectées à la défense de l'Amérique du Nord (documents 469, 476, 478 et 486). L'approche de ces deux questions (et même des autres questions de défense auxquelles est consacrée la première moitié du chapitre sur les relations avec les États-Unis) à Ottawa se caractérisait par la volonté de collaborer et le souci de préserver la souveraineté du Canada.

Les relations canado-américaines se distinguaient par la multitude des questions de ressources naturelles et de commerce qui découlent normalement d'un étroit partenariat continental. Le Congrès américain a finalement donné son accord pour l'aménagement de la voie maritime du Saint-Laurent, même si cet accord était assorti de conditions qui ont nécessité de longues négociations avec Ottawa avant que la construction ne puisse débuter (documents 559 à 580). Et même alors, la réalisation du projet a été entravée par les incertitudes techniques et les querelles mesquines (documents 581 à 588).

Des problèmes analogues surgissaient ailleurs en Amérique du Nord. Ainsi, les responsables canadiens de la politique s'inquiétaient des efforts du Congrès visant à accroître le volume d'eau prélevé dans le lac Michigan à Chicago et dérivé vers le sud (documents 612 à 621). Plus à l'ouest, les deux pays commençaient à se préoccuper sérieusement des conséquences à long terme de la mise en valeur de la Columbia (documents 600 à 608). Au même moment, le ministère du Commerce constatait avec un certain malaise que les États-Unis imposaient des restrictions à la vente du gaz naturel canadien sur leur marché (documents 589 à 595). Tout cela semblait avoir une signification claire : « L'un des plus importants problèmes de politique qui attirent maintenant l'attention... est celui des conditions auxquelles

to accelerate their efforts to expand continental defence facilities to meet the anticipated Soviet threat (Documents 448 to 462). Even so, it took most of the year for Ottawa to agree to an American request for a distant early warning line stretching across the arctic (Documents 446 to 490). By then, policy-makers in the Departments of National Defence and External Affairs were beginning to confront the probability that the United States would eventually wish to establish some form of joint command over Canadian and American forces assigned to the defence of North America (Documents 469, 476, 478 and 486). In dealing with these two questions (and indeed, with the other defence issues that make up the first half of the chapter on relations with the United States), Ottawa's perspective was characterized by both a willingness to cooperate and a careful regard for Canadian sovereignty.

Canadian-American relations were distinguished by the host of natural resource and trade questions that arise normally from the close continental partnership. At long last, the United States Congress signalled its willingness to move ahead with the St. Lawrence Seaway, albeit with a set of conditions that required lengthy negotiations with Ottawa before construction could begin (Documents 559 to 580). Even then, the project remained beset by technical uncertainty and petty bickering (Documents 581 to 588).

Similar problems occurred elsewhere in North America. Canadian policy-makers, for instance, were alarmed by Congress's efforts to increase the volume of water diverted southward from Lake Michigan at Chicago (Documents 612 to 621). Further west, the two countries began to wrestle seriously with the long-term implications of developing the Columbia River (Documents 600 to 608). At the same time, the Department of Trade and Commerce watched uneasily as Canadian natural gas found its access to the American market restricted (Documents 589 to 595). What all this meant seemed clear: "One of the most important policy problems now coming into focus ... is concerned with the terms and conditions under which certain Canadian exports of energy — natural gas and water power — may be exported to the United States."[6]

More traditional trade irritants were also present in 1954. The problems created for Canadian wheat and cheese exports by new legislation in the United States aimed at reducing that country's agricultural surplus (Documents 513 to 522) figured prominently in the first meeting of the cabinet-level Joint Canada-United States Committee on Trade and Economic Affairs (Documents 523 to 558). So too did the future of the General Agreement on Tariffs and Trade (GATT), and the growing number of restrictions a protectionist Congress placed on imports to the United States.

The future of GATT, American protectionism and Europe's progress toward convertibility were the interrelated subjects of a protracted international discussion on trade liberalization. It unfolded in Sydney, where the Commonwealth finance ministers met in January (Document 385), and in Washington, where the Canada-United States Joint Committee gathered in March (Document 525). From there, it

[6] O.W. Dier to F.H. Soward, October 15, 1954, DEA File 5420-40, National Archives of Canada.

certains produits énergétiques — le gaz naturel et l'hydroélectricité — peuvent être exportés aux États-Unis[6]. »

D'autres points de friction plus traditionnels dans le commerce étaient également présents en 1954. Les problèmes qu'ont occasionnés pour l'exportation de blé et de fromage du Canada de nouvelles mesures législatives américaines visant à réduire les excédents agricoles des États-Unis (documents 513 à 522) figuraient en bonne place à la première réunion au niveau du Cabinet du comité mixte canado-américain des questions économiques et commerciales (documents 523 à 558). Se trouvaient aussi au premier plan l'Accord général sur les tarifs douaniers et le commerce (GATT) et le nombre croissant de restrictions imposées par un Congrès protectionniste sur les importations aux États-Unis.

L'avenir du GATT, le protectionnisme américain et la progression de l'Europe vers la convertibilité ont été les trois sujets, imbriqués entre eux, d'entretiens internationaux prolongés sur la libéralisation du commerce. Les entretiens ont eu lieu à Sydney, où les ministres des Finances du Commonwealth se sont réunis en janvier (document 385) et à Washington, où le comité canado-américain s'est réuni en mars (document 525). Ils se sont poursuivis ensuite à Paris et à l'Organisation européenne de coopération économique (documents 622 à 641) puis de nouveau à Washington, où les représentants du Commonwealth et des ÉtatsUnis se sont réunis pour confronter leurs vues et élaborer une stratégie (documents 227, 230 et 231). Le processus des consultations et des négociations a culminé à Genève vers la fin de l'année, au moment où les parties au GATT se sont rencontrées pour passer en revue et renforcer l'accord international (documents 218 à 235).

Les relations personnelles, politiques et bureaucratiques qui avaient modelé la politique canadienne en 1953 ont profondément changé en 1954. Saint-Laurent, épuisé par sa tournée mondiale, cédait de plus en plus à Pearson la conduite de la politique extérieure. En juillet, un remaniement ministériel faisait entrer au Cabinet de nouveaux ministres chargés de deux portefeuilles ayant des incidences importantes sur la politique étrangère. Après sa longue lutte pour gérer la contribution canadienne aux efforts de l'ONU en Corée, Claxton cédait son poste de ministre de la Défense nationale à Ralph Campney. Walter Harris, qui ne prisait pas « les activités sociales incessantes » liées à ses nouvelles responsabilités internationales remplaçait Douglas Abbott au poste de ministre des Finances (document 387). L'omniprésent C.D. Howe conservait le ministère du Commerce et celui de la Production de défense.

Pendant la majeure partie de l'année, un certain flottement a subsisté dans les responsabilités aux plus hauts échelons du ministère des Affaires extérieures. Pour combler le vide laissé par le décès soudain de Hume Wrong, en décembre 1953, seulement deux semaines après son accession au poste de sous-secrétaire d'État aux Affaires extérieures, Pearson nommait R.A. MacKay sous-secrétaire suppléant en janvier 1954. Chef du ministère pendant presque toute l'année, MacKay pouvait compter sur l'aide de trois nouveaux sous-secrétaires adjoints, John Holmes, Jean A. Chapdelaine et Max H. Wershof, ce dernier étant également conseiller juridique.

[6] O.W. Dier à F.H. Soward, 15 octobre 1954, dossier 5420-40 du MAE, Archives nationales du Canada.

moved to Paris and the Organization for European Economic Cooperation (Documents 622 to 641) and then back to Washington, where Commonwealth and American officials met to compare notes and plot strategy (Documents 227, 230 and 231). The process of consultation and negotiation culminated in Geneva late in the year when GATT's contracting parties met to review and strengthen the international agreement (Documents 218 to 235).

The personal, political and bureaucratic relationships that had shaped Canadian policy in 1953 changed dramatically in 1954. St. Laurent, exhausted from his world tour, left more and more of the conduct of external policy to Pearson. A cabinet shuffle in July brought new ministers into two portfolios with important foreign policy implications. After his long struggle to manage Canada's contribution to the UN effort in Korea, Claxton was succeeded by Ralph Campney as Minister of National Defence. Walter Harris, who disliked the "continuous social activity" associated with his new international responsibilities, replaced Douglas Abbott as Minister of Finance (Document 387). The ubiquitous C.D. Howe remained Minister of Trade and Commerce and Minister of Defence Production.

For most of the year, responsibilities within the senior ranks of the Department of External Affairs remained unsettled. To compensate for the vacancy left by Hume Wrong, who died suddenly in December 1953 after only two weeks as Under-Secretary of State for External Affairs, Pearson appointed R.A. MacKay Deputy Under-Secretary in January 1954. The effective head of the department for most of the year, MacKay was aided by three new Assistant Under-Secretaries: John Holmes, Jean A. Chapdelaine and Max H. Wershof, who also served as legal advisor. In April, MacKay was named Associate Under-Secretary and Jules Léger, the Ambassador to Mexico, was recalled to become Pearson's deputy. He took up his duties in mid-August. In selecting the 41-year old Léger, Pearson was anxious to "have a young and vigorous Under-Secretary, the first from Quebec, and one who would normally be in the job for a long time, content, I take it, with the prospect of being a 'permanent' Under-Secretary and not a bird of passage to an Embassy!"[7]

There were no changes in leadership at Canada's most important posts. David M. Johnson continued as Permanent Representative to the United Nations and Dana Wilgress remained Permanent Representative to the North Atlantic Council and Representative to the Organization for European Economic Cooperation. N.A. Robertson served as High Commissioner to the United Kingdom. Georges Vanier and Arnold Heeney remained ambassadors in Paris and in Washington, respectively. Tragically, Jack Thurrott became the first Canadian Foreign Service Officer to die on duty when his jeep hit a mine while on a patrol for the International Commission for Supervision and Control in Indochina.

The records of the Department of External Affairs and the Privy Council Office provided most of the material for this look at Canadian foreign policy. These sources were supplemented where necessary by the personal papers of many of the Cabinet ministers and senior officials involved in these events and by the records of

[7] Quoted in John Hilliker and Donald Barry, *Canada's Department of External Affairs, II: Coming of Age, 1946-1968* (Montreal and Kingston, 1995), p. 90.

En avril, MacKay était nommé sous-secrétaire associé et Jules Léger, ambassadeur au Mexique, était rappelé pour devenir sous-secrétaire de Pearson. Le nouveau sous-secrétaire a assumé ses fonctions à la mi-août. En choisissant Léger, âgé de 41 ans, Pearson cherchait à nommer « un sous-secrétaire jeune et vigoureux, le premier originaire du Québec, qui normalement occuperait le poste pendant un long moment, et qui serait heureux, je suppose, à la perspective d'être un sous-secrétaire " permanent " plutôt qu'en transit, dans l'attente d'une nouvelle affectation[7]! »

Il n'y a eu aucune modification aux postes de commande les plus importants du Canada. David M. Johnson demeurait représentant permanent auprès de l'ONU et Dana Wilgress représentant permanent auprès du Conseil de l'Atlantique Nord et de l'Organisation européenne de coopération économique. N.A. Robertson était haut-commissaire au Royaume-Uni, et Georges Vanier et Arnold Heeney ambassadeurs à Paris et à Washington respectivement. Événement tragique, Jack Thurrott est devenu le premier agent canadien du Service extérieur à mourir dans l'exercice de ses fonctions, sa jeep ayant roulé sur une mine pendant une patrouille de la Commission internationale de surveillance et de contrôle en Indochine.

Les dossiers du ministère des Affaires extérieures et du Bureau du Conseil privé ont été les sources principales des documents proposés dans le présent aperçu de la politique étrangère du Canada. Au besoin, nous avons fait appel aux documents personnels de nombreux ministres du Cabinet et hauts fonctionnaires qui ont été des acteurs dans ces événements, ainsi qu'aux dossiers des ministères de la Défense, du Commerce, des Pêches et des Finances. Pour préparer le présent volume, j'ai pu consulter sans restrictions les dossiers du ministère des Affaires extérieures et j'ai eu aussi largement accès à d'autres collections. On trouvera à la page xxvii la liste complète des sources étudiées en vue de la préparation du présent volume.

Le choix des documents est toujours guidé par les principes généraux énoncés dans l'introduction du volume 7 (p. ix -xi), mais ces principes ont été récemment revus pour qu'il soit possible, dans le cadre de la série, de faire face à l'augmentation constante de la documentation qui a accompagné l'expansion des responsabilités du Canada sur la scène internationale au lendemain de la Seconde Guerre mondiale. Cet examen a permis d'élaborer et d'approuver de nouvelles lignes directrices sur la présentation des textes. Les rédacteurs renonceront plus fréquemment, pour économiser de l'espace, à la pratique actuelle qui consiste à « laisser les documents parler d'eux-mêmes », et ils situeront les documents dans leur contexte au moyen de notes de présentation et de notes de bas de page. Ils pourraient également recourir de plus en plus à des documents résumés.

Bien qu'aucune règle inflexible ne puisse régir le choix des documents, la série traitera maintenant de façon plus appuyée des relations bilatérales et institutionnelles les plus importantes du Canada et des grandes crises internationales dans lesquelles le secrétaire d'État aux Affaires extérieures, le premier ministre ou d'autres membres du Cabinet ont dû prendre d'importantes décisions en matière de

[7] Cité dans John Hilliker et Donald Barry, *Le ministère des Affaires extérieures du Canada, vol. II : L'essor, 1946-1968* (Montréal et Kingston, 1995), p. 88.

the Departments of Defence, Trade and Commerce, Fisheries, and Finance. In preparing this volume, I was given complete access to the files of the Department of External Affairs and generous access to other collections. A complete list of the sources examined in the preparation of this volume may be found on page xxvii.

While the selection of documents continues to be guided by the general principles set out in the Introduction to Volume 7 (pp. ix-xi), these have recently been reviewed in order to help the series deal with the constantly increasing amount of documentation that accompanied the expansion of Canada's international responsibilities after the Second World War. As a result of this review, some new editorial guidelines have been developed and approved. In order to save space, editors will more frequently abandon the present practice of 'letting the documents speak for themselves' and use introductory notes and footnotes to place documents in their proper context. In addition, editors may increasingly resort to summary documents.

Although there can be no hard and fast rules to govern the selection of documents, the series will now focus more intensively on Canada's most important bilateral and institutional relationships, and on the major international crises that directly involved the Secretary of State for External Affairs, the Prime Minister or other members of the Cabinet in substantive policy decisions. Unfortunately, this means that *Documents on Canadian External Relations* will no longer be able to track recurring diplomatic tasks such as the opening of new posts or the negotiation of routine international agreements. By narrowing its focus in this way and by employing more summary documents and editorial interventions, however, the series will be able to continue to re-produce the most important despatches, telegrams and memoranda that constitute the raw material of diplomatic history.

The editorial devices used in this volume are similar to those described in the Introduction to Volume 9 (p. xix) A dagger (†) indicates a document that has not been printed and ellipses (...) an editorial excision. The phrase "group corrupt" indicates decryption problems in the transmission of the original telegram. Words and passages that are struck out by the author, marginal notes, and distribution lists are reproduced as footnotes only when significant. Unless otherwise indicated, it is assumed that documents have been read by the addressee. Proper and place names are standardized. The editor has silently corrected spelling, punctuation and capitalization, as well as transcription errors whose meaning is clear from their context. All other editorial additions to the body of the text are indicated by the use of square brackets. Documents are reprinted in either French or English, depending on their language of origin.

The task of editing this volume was made considerably easier by the help and support generously offered from many quarters. The staff at the National Archives of Canada were especially helpful. Paulette Dozois, Paul Marsden and Dave Smith of the Military and International Affairs Records Unit of the Government Archives Division responded promptly and professionally to my many (always urgent) inquiries. Janet Murray and Michel Poitras managed the circulation desk with cheerful efficiency, while Micheline Robert and Louise Bertrand helped ensure the safe and timely delivery of photocopies. Ciuineas Boyle, Access to Information Coordinator

politique. Cela signifie, hélas, que la série *Documents relatifs aux relations extérieures du Canada* ne pourra plus rendre compte de tâches diplomatiques qui reviennent régulièrement, comme l'ouverture de nouvelles missions ou la négociation d'accords internationaux courants. Par contre, grâce à cette nouvelle optique plus étroite, à l'utilisation d'un plus grand nombre de documents résumés et à des interventions plus nombreuses des rédacteurs, il sera possible de continuer à reproduire les dépêches, télégrammes et notes de services les plus importants qui forment la matière première de l'histoire de la diplomatie.

Les conventions utilisées dans le présent volume sont semblables à celles décrites dans l'introduction du volume 9 (p. xix). La croix (†) indique que le document n'a pas été imprimé et les ellipses (...) une suppression. L'expression « altération » révèle l'existence de problèmes de déchiffrage dans la transmission du télégramme original. Les mots et les passages qui sont supprimés par l'auteur, les notes en marge et les listes de diffusion ne sont reproduits dans des notes de bas de page que lorsqu'ils revêtent une certaine importance. Sauf indication contraire, il est supposé que les documents ont été lus par leur destinataire. Les noms propres et les noms de lieu sont normalisés. Le rédacteur a corrigé discrètement l'orthographe, la ponctuation, les majuscules et les erreurs de transcriptions, lorsque le contexte révélait clairement le sens. Tous les ajouts du rédacteur dans le corps du texte sont indiqués par des crochets. Les documents sont reproduits en français ou en anglais, selon leur langue d'origine.

L'édition du présent volume a été considérablement facilitée par l'aide et le soutien généreux de nombre de services et de personnes. Le personnel des Archives nationales du Canada a été particulièrement utile. Paulette Dozois, Paul Marsden et Dave Smith, de la section des archives militaires et des affaires internationales, à la Division des archives gouvernementales, ont répondu avec empressement et compétence à mes nombreuses demandes de renseignements (toujours urgentes). Janet Murray et Michel Poitras se sont chargés du comptoir du prêt avec entrain et efficacité tandis que Micheline Robert et Louise Bertrand assuraient les services de photocopie en toute sécurité et avec célérité. Ciuineas Boyle, coordonnatrice de l'accès à l'information, au Bureau du Conseil privé, m'a gracieusement facilité la consultation des dossiers du Cabinet. Corrinne Miller m'a beaucoup aidé dans mon travail aux archives de la Banque du Canada.

Ted Kelly, rédacteur adjoint du présent volume, a sélectionné les documents pour les chapitres consacrés à l'ONU et à l'Europe. À toutes les étapes du projet, il a été d'un précieux conseil. Christopher Cook a continué d'assumer les fonctions d'adjoint principal de recherche, cherchant avec enthousiasme les documents perdus et les dossiers cachés, avec le concours de Joseph McHattie. Boris Stipernitz a aussi aidé à la recherche, compilé l'index et dépisté les erreurs de typographie dans le texte.

Steve Prince a passé en revue le document sur le conflit coréen et m'a épargné au moins une erreur qui aurait été très embarrassante. Angie Sauer était toujours là pour discuter du contexte général de la guerre froide dans lequel la politique étrangère du Canada a évolué. Norman Hillmer et Hector Mackenzie nous ont donné de solides conseils pratiques. John Hilliker, rédacteur en chef de la série *Documents*

at the Privy Council Office, graciously facilitated my access to Cabinet records. Corrinne Miller greatly assisted my work in the archives of the Bank of Canada.

Ted Kelly, who assumes the position of assistant editor with this volume, edited the chapters on the United Nations and Europe. At every stage in the project, he was a source of helpful advice. Christopher Cook continued as my principal research assistant, locating lost documents and hidden files with enthusiasm. His work was supplemented by the efforts of Joseph McHattie. Boris Stipernitz also helped with the research, compiled the index and searched the text for typographical errors.

Steve Prince reviewed the material on the Korean Conflict and saved me from at least one embarrassing mistake. Angie Sauer was invariably available to discuss the broader Cold War context in which Canada's foreign policy evolved. Norman Hillmer and Hector Mackenzie assisted with sound and practical counsel. John Hilliker, the general editor of *Documents on Canadian External Relations*, played a large and constructive role in determining the evolving nature of this series and this volume. The series would not be possible without the continuing support of the director of the Corporate Communications Division, Simon Wade. I remain solely responsible for the final selection of documents in this volume.

The Historical Section continues to provide the supplementary text and coordinate the technical preparation of the volume. The manuscript was typed and formatted by Aline Gélineau. Gabrielle Nishiguchi located most of the photographs in this volume. Bruce Williams and Gayle Fraser also helped in my search for photographs. The department's translation bureau provided the French for the footnotes, captions and ancillary text. Francine Fournier and Nancy Sample, colleagues in the Corporate Communications Division, provided editorial guidance. Gail Kirkpatrick Devlin proofread the entire manuscript and composed the list of persons. In this latter task, she was assisted by Michael Stevenson. Finally and happily, Mary and Katherine Donaghy continued their close association with this documentary project.

GREG DONAGHY

relatifs aux relations extérieures du Canada, a joué un rôle très important et constructif dans la définition de la nature en évolution de cette série et du présent volume. Cette série ne serait pas possible sans le soutien constant du chef de la Direction des communications ministérielles, Simon Wade. Je demeure seul responsable du choix définitif des documents reproduits dans le présent volume.

La Section des affaires historiques continue de fournir le texte complémentaire et de coordonner la préparation technique du volume. Le manuscrit a été dactylographié et formaté par Aline Gélineau. Gabrielle Nishiguchi a trouvé la plupart des photographies reproduites dans le présent volume. Bruce Williams et Gayle Fraser m'ont également prêté main forte dans la recherche de photographies. Le service de traduction du ministère a produit le texte français des notes de bas de page, des légendes et des textes accessoires. Francine Fournier et Nancy Sample, collègues de la Direction des communications ministérielles, ont donné des conseils de rédaction et Gail Kirkpatrick Devlin s'est chargée de la relecture de l'ensemble du manuscrit et a dressé la liste des personnes. Pour cette dernière tâche, elle a pu compter sur l'aide de Michael Stevenson. Enfin, et heureusement, Mary et Katherine Donaghy ont continué à collaborer de près à ce projet de documentation.

GREG DONAGHY

PROVENANCE DES DOCUMENTS[1]
LOCATION OF DOCUMENTS[1]

Documents de Brooke Claxton, Archives nationales (MG 32 B5)	B.C.	Brooke Claxton Papers, National Archives (MG 32 B5)
Archives de la Banque du Canada	BCA	Bank of Canada Archives
Documents de C.D. Howe, Archives nationales (MG 27 III B20)	C.D.H.	C.D. Howe Papers, National Archives (MG 27 III B20)
Dossiers de l'ambassade du Canada à Washington, Archives nationales (RG 25 B3)	CEW	Canadian Embassy, Washington, Files, National Archives (RG 25 B3)
Dossiers du ministère des Affaires extérieures	DEA	Department of External Affairs Files.
Dossiers du ministère des Finances, Archives nationales (RG 19)	DF	Department of Finance Files, National Archives (RG 19)
Dossiers du ministère des Pêcheries, Archives nationales (RG 23)	DFI	Department of Fisheries, National Archives (RG 23)
Dossiers du ministère de la Défense nationale, Archives nationales (RG 24)	DND	Department of National Defence Files, National Archives (RG 24)
Dossiers du ministère du Commerce, Archives nationales (RG 20)	DTC	Department of Trade and Commerce Files, National Archives (RG 20)
Documents de L.B. Pearson, Archives nationales (MG 26 N1)	L.B.P.	L.B. Pearson Papers, National Archives (MG 26 N1)
Documents de L.S. St-Laurent, Archives nationales (MG 26 L)	L.S.L.	L.S. St. Laurent Papers, National Archives (MG 26 L)
Bureau du Conseil privé— conclusions du Cabinet et documents du Cabinet	PCO	Privy Council Office— Cabinet Conclusions and Cabinet Documents
Autres documents des archives du BCP	PCO/Vol.#	Other documents from PCO records

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

LISTE DES ABBRÉVIATIONS
LIST OF ABBREVIATIONS

AA	Anti-Aircraft
AAA	Agricultural Adjustment Act
ABC	America, Britain, Canada
ADC	Air Defense Command
AEC	Atomic Energy Commission
AECL	Atomic Energy of Canada Limited
AOC	Air Officer Commanding
BBC	British Broadcasting Corporation
BOAC	British Overseas Airways Corporation
BTO	Brussels Treaty Organization
CANAC	Permanent Delegation of Canada to the North Atlantic Council, Paris
CANDEL	Canadian Delegation to the General Assembly of United Nations, New York
CAS	Chief of Air Staff
CBC-IS	Canadian Broadcasting Corporation-International Service
CCC	Commercial Cable Company
CCC	Commodity Credit Corporation (US)
CCOS	Chairman, Chiefs of Staff
CCF	Cooperative Commonwealth Federation
CERN	Conseil Européen de Recherches Nucléaires
CG	Consultative Group (COCOM)
CHICOM	China Committee on Export Controls
CIGS	Chief of the Imperial General Staff
CINCUNC	Commander-in-Chief, United Nations Command
COCOM	Coordinating Committee on Export Controls
COTC	Canadian Overseas Telecommunications Corporation
CPC	Combined Policy Committee (Canada-UK-US)
CPDUN	Canadian Permanent Delegation to United Nations
CRO	Commonwealth Relations Office (UK)
CUSRPG	Canada-United States Regional Planning Group
CUSSAT	Canada-United States Scientific Advisory Team
CVE	Aircraft Carrier, Escort
CVL	Aircraft Carrier, Little
CVS	Aircraft Carrier, Seaplanes
DDP	Department of Defence Production
DEW	Distant Early Warning
DL(1)	Defence Liaison (1) Division
DOT	Department of Transport
DRB	Defence Research Board
DWS	Diplomatic Wireless Service (UK)
EASTLANT	Eastern Atlantic Area
ECM	Electronic Counter-Measure
ECOSOC	Economic and Social Council of United Nations
EDC	European Defence Community
EPU	European Payments Union
ETAP	Expanded Technical Assistance Program (UN)
FAO	Food and Agriculture Organization
FOA	Foreign Operations Administration (US)
FPC	Federal Power Commission (US)
GATT	General Agreement on Tariffs and Trade
GCI	Ground Controlled Interceptor
GM	Guided Missile
GRT	Gross Registered Tons
GSA	General Service Administration (US)
HMG	Her Majesty's Government

IBRD	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
ICAO	INTERNATIONAL CIVIL AVIATION ORGANIZATION
ICETP	INTERDEPARTMENTAL COMMITTEE ON EXTERNAL TRADE POLICY
IFC	INTERNATIONAL FINANCE CORPORATION (UN)
IJC	INTERNATIONAL JOINT COMMISSION (CANADA-US)
IMF	INTERNATIONAL MONETARY FUND
ITO	INTERNATIONAL TRADE ORGANIZATION
IWA	INTERNATIONAL WHEAT AGREEMENT
JIC	JOINT INTELLIGENCE COMMITTEE
JPC	JOINT PLANNING COMMITTEE
KGB	*Komitet Gossudarstvennoi Bezopasnosti* [COMMITTEE OF STATE SECURITY] (USSR)
LCM	LANDING CRAFT, MECHANIZED
LCT	LANDING CRAFT, TANK
MAAG	MILITARY ASSISTANCE ADVISORY GROUP (US)
MAC	MILITARY ARMISTICE COMMISSION
MC	MILITARY COMMITTEE (NATO)
MCC	MILITARY COOPERATION COMMITTEE (CANADA-UNITED STATES)
MDAP	MUTUAL DEFENCE ASSISTANCE PROGRAM (US)
MEDO	MIDDLE EAST DEFENCE ORGANIZATION
MITI	MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY (JAPAN)
MRC	MILITARY REPRESENTATIVES COMMITTEE (NATO)
MSA	MUTUAL SECURITY ACT (US)
MSG	MILITARY STUDY GROUP (CANADA-US)
MVD	*Ministerstvo Vnutrennykh Del* [Minister of Internal Affairs] (USSR)
NATO	NORTH ATLANTIC TREATY ORGANIZATION
NKVD	*Narodnyi Kommissariat Vnutrennikh Del* [PEOPLE'S COMMISSARIAT OF INTERNAL AFFAIRS] (USSR)
NNRP	NEUTRAL NATIONS REPATRIATION COMMISSION
NNSC	NEUTRAL NATIONS SUPERVISORY COMMISSION
OAS	ORGANIZATION OF AMERICAN STATES
ODM	OFFICE OF DEFENSE MOBILIZATION (US)
OEEC	ORGANIZATION FOR EUROPEAN ECONOMIC COOPERATION
OFAR	OFFICE OF FOREIGN AGRICULTURAL RELATIONS (US)
OTAN	ORGANIZATION DU TRAITÉ DE L'ATLANTIC NORD
PC	PARTICIPATING COUNTRIES (COCOM)
PC	PRIVY COUNCIL
PERMDEL	PERMANENT DELEGATION OF CANADA TO THE UNITED NATIONS, NEW YORK
PJBD	PERMANENT JOINT BOARD ON DEFENCE (CANADA-US)
PRO	PUBLIC RELATIONS OFFICER (ICSC)
PVV/PL	PEOPLE'S VIETNAMESE VOLUNTEERS/PATHET LAO
QR	QUANTITATIVE RESTRICTIONS
RAF	ROYAL AIR FORCE
RCAF	ROYAL CANADIAN AIR FORCE
RCMP	ROYAL CANADIAN MOUNTED POLICE
RCN	ROYAL CANADIAN NAVY
ROK	REPUBLIC OF KOREA
SAC	STRATEGIC AIR COMMAND
SACEUR	SUPREME ALLIED COMMANDER, EUROPE (NATO)
SACLANT	SUPREME ALLIED COMMANDER, ATLANTIC (NATO)
SEADO	SOUTH EAST ASIA DEFENCE ORGANIZATION
SEATO	SOUTH EAST ASIA TREATY ORGANIZATION
SG	STANDING GROUP (NATO)
SGLO	STANDING GROUP LIAISON OFFICER (NATO)
SHAPE	SUPREME HEADQUARTERS, ALLIED POWERS, EUROPE (NATO)
SPD	*Sozialdemokratische Partei Deutschlands*

SUNFED	Special United Nations Fund for Economic Development
UHF	Ultra High Frequency
UK	United Kingdom
UN	United Nations
UNC	United Nations Command
UNCURK	United Nations Commission for Reunification and Rehabilitation of Korea
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations International Emergency Children's Fund
UNKRA	United Nations Korean Reconstruction Agency
UNRWA(PR)	United Nations Relief and Works Agency (for Palestine Refugees)
US	United States
USAF	United States Air Force
USIS	United States Information Service
USN	United States Navy
USSR	Union of Socialist Soviet Republics
VHF	Very High Frequency
WHO	World Health Organization
WP	Western Pacific Railroad Company

LISTE DES PERSONNALITÉS[1]
LIST OF PERSONS[1]

ABBOTT, Douglas C. ministre des Finances.

ABRAMS, Dr. John W., surintendant, Groupe de la recherche opérationnelle, Conseil de recherches pour la défense, et conseiller scientifique auprès du chef de l'état-major aérien.

ADAMS, gouverneur Sherman, adjoint exécutif du président des États-Unis.

ADENAUER, Konrad, chancelier de la République fédérale d'Allemagne et ministre des Affaires étrangères.

ALI, Mohammad, ministre des Finances du Pakistan.

ALLEN, Dennis, représentant suppléant, délégation du Royaume-Uni à la Conférence sur la Corée à Genève.

ALLEN, Stanley V., conseiller commercial, ambassade aux États-Unis.

ALLEN, Ward P., conseiller, Nations Unies, Bureau des Affaires européennes, département d'État des États-Unis.

ALPHAND, Hervé, représentant permanent de France, Conseil de l'Atlantique Nord.

ANDERSON, Robert B., secrétaire suppléant à la Défense des États-Unis.

ARMSTRONG, E.B., sous-ministre adjoint de la Défense nationale.

ARNESON, R. Gordon, adjoint spécial du secrétaire d'État des États-Unis sur les questions atomiques.

ATTLEE, Clement, chef de l'Opposition du Royaume-Uni.

AUDETTE, L.C., président, Commission maritime canadienne.

BAIG, Mirza Osman Ali, haut-commissaire du Pakistan.

BALLACHEY, Frank G., commissaire par intérim, Commission internationale de surveillance et de contrôle au Laos (août-sept.); conseiller au commissaire, Commission internationale de surveillance et de contrôle au Laos (sept.-).

ABBOTT, Douglas C., Minister of Finance.

ABRAMS, Dr. John W., Superintendent, Operational Research Group, Defence Research Board and Scientific Advisor to Chief of Air Staff.

ADAMS, Governor Sherman, Executive Assistant to President of United States.

ADENAUER, Konrad, Chancellor of Federal Republic of Germany and Minister of Foreign Affairs.

ALI, Mohammad, Minister of Finance of Pakistan.

ALLEN, Dennis, Deputy Representative, Delegation of United Kingdom to Geneva Conference on Korea.

ALLEN, Stanley, V., Commercial Counsellor, Embassy in United States.

ALLEN, Ward P., United Nations Adviser, Bureau of European Affairs, Department of State of United States.

ALPHAND, Hervé, Permanent Representative of France to North Atlantic Council.

ANDERSON, Robert B., Deputy Secretary of Defense of United States.

ARMSTRONG, E.B., Assistant Deputy Minister of National Defence.

ARNESON, R. Gordon, Special Assistant to Secretary of State of United States on Atomic Energy Questions.

ATTLEE, Clement, Leader of the Opposition of United Kingdom.

AUDETTE, L.C., Chairman, Canadian Maritime Commission.

BAIG, Mirza Osman Ali, High Commissioner of Pakistan.

BALLACHEY, Frank G., Acting Canadian Commissioner, International Commission for Supervision and Control in Laos (Aug.-Sep.); Adviser to Canadian Commissioner, International Commission for Supervision and Control in Laos (Sep.-).

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[1]Ceci est une sélection des principales personnalités canadiennes et de certaines personnalités de l'étranger souvent mentionnées dans les documents. Les notices biographiques se limitent aux fonctions qui se rapportent aux documents reproduits dans ce volume.
This is a selection of important Canadian personalities and some foreign personalities often mentioned in the documents. The biographical details refer only to the positions pertinent to the documents printed herein.

BARBOUR, Walworth, sous-secrétaire d'État suppléant aux Affaires européennes, département d'État des États-Unis.

BARNETT, Robert W., Bureau des Affaires régionales de l'Europe de l'Ouest, département d'État des États-Unis.

BARTON, W.H., 1ère Direction de liaison avec la Défense; secrétaire canadien, Commission permanente canado-américaine de défense.

BATES, Stewart, sous-ministre des Pêcheries.

BAUER, Gérard F., représentant de la Suisse auprès de l'OECE.

BEAUPRÉ, T.N., sous-ministre adjoint de la Production pour la défense (mars-).

BENNETT, W.A.C., premier ministre de la Colombie-Britannique.

BENNETT, W.J., président d'Énergie atomique du Canada Ltée.

BENSON, Ezra Taft, secrétaire à l'Agriculture des États-Unis.

BENTINCK, A., représentant des Pays-Bas à la Conférence sur la Corée à Genève.

BEVIN, Ernest, ancien Foreign Secretary du Royaume-Uni.

BEYEN, Johan W., ministre des Affaires étrangères des Pays-Bas.

BIDAULT, Georges, ministre des Affaires étrangères de France (-juin).

BLANKENHORN, Herbert A.H., directeur, section des Affaires politiques, ministère des Affaires étrangères de la République fédérale d'Allemagne.

BLISS, Don C., ministre des États-Unis.

BOHLEN, Charles, ambassadeur des État-Unis en Union soviétique (avr.-).

BONNET, Henri, ambassadeur de France aux États-Unis.

BOOCHEVER, Louis C., Bureau des Affaires régionales européennes, département d'État des États-Unis.

BOWIE, Robert, directeur, planification des politiques, département d'État des États-Unis.

BRADLEY, général Omar N., président, Comité des chefs d'état-major des États-Unis.

BRIDLE, Paul, chef, Direction du Commonwealth.

BRITTON, J.C., conseiller commercial, ambassade au Japon.

BARBOUR, Walworth, Deputy Under-Secretary of State for European Affairs, Department of State of United States.

BARNETT, Robert W., Office of Western European Regional Affairs, Department of State of United States.

BARTON, W.H., Defence Liaison (1) Division; Canadian Secretary, Permanent Joint Board on Defence.

BATES, Stewart, Deputy Minister of Fisheries.

BAUER, Gérard F., Representative of Switzerland to OEEC.

BEAUPRÉ, T.N., Assistant Deputy Minister of Defence Production (Mar.-)

BENNETT, W.A.C., Premier of British Columbia.

BENNETT, W.J., President, Atomic Energy of Canada Ltd.

BENSON, Ezra Taft, Secretary of Agriculture of United States.

BENTINCK, A., Vice-Chairman of the Netherlands Delegation, Geneva Conference on Korea.

BEVIN, Ernest, Former Secretary of State for Foreign Affairs of United Kingdom.

BEYEN, Johan W., Minister of Foreign Affairs of The Netherlands.

BIDAULT, Georges, Minister of Foreign Affairs of France (-June).

BLANKENHORN, Herbert A.H., Director, Political Affairs Section, Ministry of Foreign Affairs of Federal Republic of Germany.

BLISS, Don C., Minister of United States.

BOHLEN, Charles E., Ambassador of United States in Soviet Union (Apr.-).

BONNET, Henri, Ambassador of France in United States.

BOOCHEVER, Louis, Office of European Regional Affairs, Department of State of United States.

BOWIE, Robert, Director, Policy Planning Staff, Department of State of United States.

BRADLEY, General Omar N., Chairman, Joint Chiefs of Staff of United States.

BRIDLE, Paul, Head, Commonwealth Division.

BRITTON, J.C., Commercial Counsellor, Embassy in Japan.

BROWN, K.C., deuxième secrétaire, ambassade à Cuba; 1ère Direction de liaison avec la Défense.

BRYCE, R.B., greffier du Conseil privé et secrétaire du Cabinet.

BULL, W.F., sous-ministre du Commerce.

BURBRIDGE, Kenneth J., ministre-conseiller, délégation permanente auprès du Conseil de l'Atlantique Nord et de l'OECE (mai-).

BURGESS, W. Randolph, sous-secrétaire du Trésor pour les Affaires monétaires, département du Trésor des États-Unis.

BURNS, général E.L.M., chef d'état-major, organisme des Nations Unies chargé de la surveillance de la trêve (août-).

BUTLER, R.A., chancelier de l'Échiquier du Royaume-Uni.

BUTTERWORTH, W. Walton, chef de mission adjoint, ambassade des États-Unis au Royaume-Uni.

BUTZ, Earl, secrétaire adjoint à l'Agriculture des États-Unis.

CADIEUX, Marcel, conseiller, délégation permanente auprès du Conseil de l'Atlantique Nord et de l'OECE; conseiller politique, Commission internationale de surveillance et de contrôle au Vietnam (sept.-).

CALVET, Pierre L., représentant de France auprès de l'OECE.

CAMPNEY, R.O., ministre associé de la Défence nationale (-juin); ministre de la Défense nationale (juil.-).

CASEY, Richard G., ministre des Affaires extérieures de l'Australie.

CASTLE, Lewis, administrateur, St. Lawrence Seaway Corporation of United States.

CATTANI, Attilio, représentant de l'Italie auprès de l'OECE.

CAVELL, R.G. (Nik), administrateur, Direction de la Coopération économique et technique internationale, ministère du Commerce.

CHAPDELAINE, J.A., chef, Direction européenne.

CHAPPELL, N.R., attaché à la Production pour la défense, ambassade aux États-Unis.

CHAPUT, J.R.B., Direction des Nations Unies.

CHEVRIER, Lionel, ministre des Transports (-juil.); président, Administration de la voie maritime du Saint-Laurent (juil.-).

VOIR Tchang Kai-chek.

BROWN, K.C., Second Secretary, Embassy in Cuba; Defence Liaison (1) Division (Mar.-).

BRYCE, R.B., Clerk of Privy Council and Secretary to Cabinet.

BULL, W.F., Deputy Minister of Trade and Commerce.

BURBRIDGE, Kenneth J., Minister-Counsellor, Permanent Delegation to North Atlantic Council and OEEC (May-).

BURGESS, W. Randolph, Under-Secretary of Treasury for Monetary Affairs, Department of Treasury of United States.

BURNS, General E.L.M., Chief of Staff, United Nations Truce Supervision Organization (Aug.-).

BUTLER, R.A., Chancellor of Exchequer of United Kingdom.

BUTTERWORTH, W. Walton, Deputy Chief of Mission, United States Embassy in United Kingdom.

BUTZ, Earl, Assistant Secretary of Agriculture of United States.

CADIEUX, Marcel, Counsellor, Permanent Delegation to North Atlantic Council and OEEC; Political Adviser, International Commission for Supervision and Control in Vietnam (Sep.-).

CALVET, Pierre, Representative of France to OEEC.

CAMPNEY, R.O., Associate Minister of National Defence (-June); Minister of National Defence (July-).

CASEY, Richard G., Minister of External Affairs of Australia.

CASTLE, Lewis, Administrator, St. Lawrence Seaway Corporation of United States.

CATTANI, Attilio, Representative of Italy to OEEC.

CAVELL, R.G. (Nik), Administrator, International Economic and Technical Cooperation Division, Department of Trade and Commerce.

CHAPDELAINE, J.A., Head, European Division.

CHAPPELL, N.R., Attaché (Defence Production), Embassy in United States.

CHAPUT, J.R.B., United Nations Division.

CHEVRIER, Lionel, Minister of Transport (-July); President, St. Lawrence Seaway Authority (July-).

CHIANG KAI-SHEK, Generalissimo, President of Republic of China.

CHIDLAW, général Benjamin, général commandant, commandement de la défense aérienne des États-Unis.

CHIPMAN, W.P., Bureau du Conseil privé.

VOIR Tchou En-Lai.

CHURCHILL, Sir Winston S., premier ministre et premier lord du Trésor du Royaume-Uni.

CLAXTON, Brooke, ministre de la Défense nationale (-juil.)

CLOUGH, Arthur, délégation du Royaume-Uni à l'Assemblée générale des Nations Unies; Comité consultatif de l'Agence des Nations Unies pour le relèvement de la Corée.

CLUTTERBUCK, Sir Alexander, haut-commissaire du Royaume-Uni en Inde.

COLE, Sterling, président, Comité conjoint du Congrès sur l'énergie atomique des États-Unis.

COLLINS, général J.L., représentant des États-Unis, Comité des Affaires militaires et Groupe permanent de l'OTAN; représentant spécial du président des États-Unis au Vietnam (nov.-).

COLLINS, R.E., conseiller, haut-commissariat au Royaume-Uni.

COMAY, Michael S., ministre d'Israël.

CONANT, James B., haut-commissaire des États-Unis auprès de la Haute Commission interalliée en Allemagne.

COOK, Frederick B., délégation permanente des États-Unis auprès des Nations-Unies.

COOMARASWAMY, Raju, secrétaire adjoint du ministère des Finances du Ceylan.

CORBETT, Jack C., directeur, Bureau de la politique financière et du développement, département d'État des États-Unis.

CORNETT, D.M., Direction du Commonwealth.

CORSE, Carl, chef, Bureau de la politique commerciale, département d'État des États-Unis.

CÔTÉ, E.A., chef, Direction de l'Amérique.

COUILLARD, J. Louis, conseiller, haut-commissariat au Royaume-Uni (-juin); conseiller, ambassade aux États-Unis.

COULSON, John E., chef, délégation du Royaume-Uni à la réunion du Groupe consultatif de l'OECE.

CHIDLAW, General Benjamin, Commanding General, Air Defence Command of United States.

CHIPMAN, W.P., Privy Council Office.

CHOU EN-LAI, Prime Minister and Foreign Minister of People's Republic of China.

CHURCHILL, Sir Winston S., Prime Minister and First Lord of the Treasury of United Kingdom.

CLAXTON, Brooke, Minister of National Defence (-July).

CLOUGH, Arthur, Delegation of United Kingdom to United Nations General Assembly, UNKRA Advisory Committee.

CLUTTERBUCK, Sir Alexander, High Commissioner of United Kingdom in India.

COLE, Sterling, Chairman, Joint Congressional Committee on Atomic Energy of United States.

COLLINS, General J.L., United States Representative, Military Committee and Standing Group of NATO; Special Representative of President of United States in Vietnam (Nov.-).

COLLINS, R.E., Counsellor, High Commission in United Kingdom.

COMAY, Michael S., Minister of Israel.

CONANT, James B., High Commissioner of United States to Germany.

COOK, Frederick B., Permanent Mission of United States to United Nations.

COOMARASWAMY, Raju, Assistant Secretary, Department of Finance of Ceylon.

CORBETT, Jack C., Director, Office of Financial and Development Policy, Department of State of United States.

CORNETT, D.M., Commonwealth Division.

CORSE, Carl, Chief, Commercial Policy Staff, Department of State of United States.

CÔTÉ, E.A., Head, American Division.

COUILLARD, J. Louis, Counsellor, High Commission in London (-June); Counsellor, Embassy in Washington.

COULSON, John E., Head, Delegation of United Kingdom to OEEC Consultative Group Meeting.

COULTER, général John B., agent-général, Comité consultatif de l'Agence des Nations Unies pour le relèvement de la Corée.

COX, G.E., Direction de l' Amérique; premier secrétaire et chargé d'affaires, ambassade en Autriche (oct.-).

COYNE, J.E., gouverneur suppléant de la Banque du Canada.

CRÉPAULT, A.R., conseiller politique, Commission de surveillance et de contrôle au Vietnam (sept.-).

CROSTHWAITE, P. Moore, représentant permanent adjoint du Royaume-Uni auprès des Nations Unies.

CUTTS, Trevett W., délégué de l'Australie à l'Assemblée générale des Nations Unies; Comité consultatif de l'Agence des Nations Unies pour le relèvement de la Corée.

DANIELIAN, N.R., président, Association des Grands-Lacs et du Saint-Laurent.

DAVIS, Dr. John, directeur associé, Direction économique, ministère du Commerce.

DAVIS, T.C., ambassadeur en République fédérale d'Allemagne (-juil.); ambassadeur au Japon.

DEAN, Arthur, adjoint du secrétaire d'État des États-Unis auprès de la Conférence sur la Corée à Genève.

DESAI, M.J., secrétaire général, Commission de surveillance et de contrôle au Vietnam.

DESHMUKH, Sir Chintaman, ministre des Finances de l'Inde.

DE STAERCKE, André, représentant permanent de Belgique, Conseil de l'Atlantique Nord.

DEUTSCH, John J., sous-ministre adjoint, ministère des Finances.

DE VILLELUME, Gaspard, conseiller, ambassade de France.

DEWEY, Thomas E., ancien gouverneur, État de New York.

DEWOLF, contre-amiral H.G., président, état-major interarmes du Canada aux États-Unis.

DIEFENBAKER, J.G., député progressiste-conservateur (Lake Center).

DIER, O.W., Direction de l'Amérique.

DILLON, C. Douglas, ambassadeur des États-Unis en France.

DREW, George, chef de l'Opposition, député progressiste-conservateur (Carleton).

COULTER, General John B., Agent-General, UNKRA Advisory Committee.

COX, G.E., American Division; First Secretary and Chargé d'Affaires a.i., Embassy in Austria (Oct.-).

COYNE, J.E., Deputy Governor of Bank of Canada.

CRÉPAULT, A.R., Political Adviser, International Commission for Supervision and Control in Vietnam (Sep.-).

CROSTHWAITE, P. Moore, Deputy Permanent Representative of United Kingdom to United Nations.

CUTTS, Trevett W., Delegate of Australia to United Nations General Assembly; UNKRA Advisory Committee.

DANIELIAN, N.R., President, Great Lakes-St. Lawrence Association.

DAVIS, Dr. John, Associate Director, Economics Branch, Department of Trade and Commerce.

DAVIS, T.C., Ambassador in Federal Republic of Germany (-July); Ambassador in Japan.

DEAN, Arthur, Deputy to Secretary of State of United States for Korean Political Conference.

DESAI, M.J., Secretary-General, International Commission for Supervision and Control in Vietnam.

DESHMUKH, Sir Chintaman, Minister of Finance of India.

DE STAERCKE, André, Deputy Representative of Belgium to North Atlantic Council.

DEUTSCH, John J., Assistant Deputy Minister, Department of Finance.

DE VILLELUME, Gaspard, Counsellor, Embassy of France.

DEWEY, Thomas E., former Governor of New York State.

DEWOLF, Rear Admiral H.G., Chairman, Canadian Joint Staff in United States.

DIEFENBAKER, J.G., Progressive Conservative M.P. (Lake Center).

DIER, O.W., American Division.

DILLON, C. Douglas, United States Ambassador in France.

DREW, George, Progressive Conservative Leader of the Opposition (Carleton).

DRUMWRIGHT, Everett, sous-secrétaire adjoint des Affaires de l'Extrême-Orient, département d'État des États-Unis.

DRURY, C.M., sous-ministre de la Défense nationale.

DUDER, R., Direction européenne (-août); conseiller politique, Commissions de surveillance et de contrôle au Vietnam, au Cambodge et au Laos (sept.-); commissaire, Commission de surveillance et de contrôle au Cambodge (nov.-).

DULLES, John Foster, secrétaire d'État des États-Unis.

EDEN, Anthony, Foreign Secretary du Royaume-Uni.

EISENHOWER, Dwight D., président des États-Unis.

ELBRICK, Charles B., sous-secrétaire d'État adjoint aux Affaires européennes, département d'État des États-Unis.

ELLIS-REES, Sir Hugh, délégué permanent du Royaume-Uni auprès de l'OECE; président officiel de l'OECE.

ENTEZAM, Nazrollah, représentant de l'Iran auprès des Nations Unies.

ERHARD, Ludwig, ministre des Affaires économiques de la République féderale d'Allemagne.

EVANS, John W., directeur, Bureau de la politique relative aux matériaux internationaux, Bureau des Affaires économiques, département d'État des États-Unis (-avr.); directeur par intérim, Bureau de la politique de défense économique et commerciale (mai-août); directeur, politique commerciale, secrétariat de l'Accord général sur les tarifs douaniers et le commerce.

FADDEN, Sir Arthur, ministre des Finances de l'Australie.

FAURE, Edgar, ministre des Finances et des Affaires économiques de France.

FORD, R.A.D., chargé d'affaires, ambassade en Union soviétique; Direction européenne (avr.-).

FORTIER, colonel Laval, sous-ministre de la Citoyenneté et de l'Immigration.

FOULKES, lieutenant-général Charles, président du Comité des chefs d'état-major.

DRUMWRIGHT, Everett, Deputy Assistant Secretary for Far Eastern Affairs, Department of State of United States.

DRURY, C.M., Deputy Minister of National Defence.

DUDER, R., European Division (-Aug.); Political Adviser, International Commissions for Supervision and Control in Vietnam, Cambodia and Laos (Sep.-); Canadian Commissioner, International Commission for Supervision and Control in Cambodia (Nov.-).

DULLES, John Foster, Secretary of State of United States.

EDEN, Anthony, Secretary of State for Foreign Affairs of United Kingdom.

EISENHOWER, Dwight D., President of United States.

ELBRICK, Charles B., Deputy Assistant Secretary of State for European Affairs, Department of State of United States.

ELLIS-REES, Sir Hugh, Permanent Delegate of United Kingdom to OEEC; Official Chairman, OEEC.

ENTEZAM, Nazrollah, Representative of Iran to United Nations.

ERHARD, Ludwig, Minister of Economic Affairs of Federal Republic of Germany.

EVANS, John W., Director, Office of International Materials Policy, Bureau of Economic Affairs, Department of State of United States (-Apr.); Acting Director, Office of Economic Defense and Trade Policy (May-Aug.); Director of Commercial Policy, GATT Secretariat.

FADDEN, Sir Arthur, Minister of Finance of Australia.

FAURE, Edgar, Minister of Finance and Economic Affairs of France.

FORD, R.A.D., Chargé d'Affaires a.i., Embassy in Soviet Union; European Division (Apr.-).

FORTIER, Colonel Laval, Deputy Minister of Citizenship and Immigration.

FOULKES, Lt.-Gen. Charles, Chairman, Chiefs of Staff Committee.

FRANK, Isaiah, Bureau de la politique de défense économique et commerciale, département d'État des États-Unis.

FRASER, Blair, rédacteur à Ottawa, *Maclean's*.

FREIFELD, S.A., Direction de l'Amérique et chef du service de presse.

FROST, Leslie M., premier ministre de l'Ontario.

GARCIA, Carlos P., chef de la délégation des Philippines à la Conférence sur la Corée à Genève.

GARDINER, J.G., ministre de l'Agriculture.

GARNER, J.J.S., sous-secrétaire d'État suppléant des Relations du Commonwealth du Royaume-Uni.

GEORGE, James, conseiller, délégation permanente auprès des Nations Unies.

GIAP. Voir Vo Nguyen Giap.

GLAZEBROOK, G.P. de T., ministre, ambassade aux États-Unis.

GOLDEN, D.A., sous-ministre de la Production pour la défense.

GORDON Walker, Patrick C., député du Royaume-Uni (Labour) et ancien secrétaire d'État des Relations du Commonwealth du Royaume-Uni (-oct. 1951).

GRANDE, G.K., premier secrétaire et chargé d'affaires, ambassade en Grèce (-oct.); Direction de l'Extrême-Orient.

GREEN, Howard, député progressiste-conservateur (Vancouver-Quadra).

GREGG, M.F., ministre du Travail.

GROSZ, Wiktor, commissaire polonais, Commission internationale de surveillance et de contrôle au Cambodge.

GRUENTHER, lieutenant-général A.M., commandant suprême des Forces alliées en Europe.

GUILLAUME, général Augustin, représentant de France et président, Comité militaire de l'OTAN;

HALL, Graham, conseiller, mission permanente des États-Unis auprès des Nations Unies; Comité consultatif de l'Agence des Nations Unies pour le relèvement de la Corée.

HALL, John, directeur, Bureau des projets spéciaux, United States Atomic Energy Commission.

FRANK, Isaiah, Office of Economic Defense and Trade Policy, Department of State of United States.

FRASER, Blair, Ottawa Editor, *Maclean's*.

FREIFELD, S.A. American Division, and Head of Press Office.

FROST, Leslie M., Premier of Ontario.

GARCIA, Carlos P., Head of the Philippine Delegation, Geneva Conference on Korea.

GARDINER, J.G., Minister of Agriculture.

GARNER, J.J.S., Deputy Permanent Under-Secretary for Commonwealth Relations of United Kingdom.

GEORGE, James, Adviser, Permanent Delegation to United Nations.

GIAP, See Vo Nguyen Giap.

GLAZEBROOK, G.P. de T., Minister, Embassy in United States.

GOLDEN, D.A., Deputy Minister, Department of Defence Production.

GORDON WALKER, Patrick C., Member of Parliament (Labour), United Kingdom, and former Secretary of State for Commonwealth Relations of United Kingdom (-Oct. 1951).

GRANDE, G.K., First Secretary and Chargé d'Affaires a.i., Embassy in Greece (-Oct.); Far Eastern Division.

GREEN, Howard, Progressive Conservative M.P. (Vancouver-Quadra).

GREGG, M.F., Minister of Labour.

GROSZ, Wiktor, Polish Commissioner, International Commission on Supervision and Control in Cambodia.

GRUENTHER, Lt.-Gen. A.M., Supreme Allied Commander in Europe.

GUILLAUME, General Augustin, Member for France and Chairman, Military Committee of NATO.

HALL, Graham, Adviser, Permanent Mission of United States to United Nations; UNKRA Advisory Committee.

HALL, John, Director, Office of Special Projects, United States Atomic Energy Commission.

HALL, William O., mission permanente des États-Unis auprès des Nations Unies; membre, Comité consultatif des Nations Unies sur les questions administratives et budgétaires; Comité consultatif de l'Agence des Nations Unies pour le relèvement de la Corée.

HAMMARSKJÖLD, Dag, secrétaire général des Nations Unies.

HANCOCK, sir Henry, secrétaire permanent, ministère de l'Alimentation du Royaume-Uni.

HANNAH, Dr. John A., secrétaire adjoint à la Défense des États-Unis; président, section américaine, Commission permanente canado-américaine de défense.

HANSEN, H.C.V., ministre des Affaires étrangères du Danemark.

HARRIMAN, W. Averell, gouverneur élu, État de New York.

HARRIS, W.E., ministre de la Citoyenneté et de l'Immigration (-juin); ministre des Finances (juil.-).

HARVEY, Denis, directeur, Direction générale des produits, ministère du Commerce.

HASSELMAN, général Benjamin R.P.F., représentant des Pays-Bas, Comité militaire de l'OTAN.

HAUGE, Gabriel, secrétaire d'État adjoint aux Affaires économiques des États-Unis.

HEENEY, A.D.P., ambassadeur aux États-Unis.

HENRY, D.H.W., ministère de la Justice; avocat du Gouvernement canadien auprès de la Commission mixte internationale.

HENRY, R.A.C., membre, section canadienne, Commission mixte d'ingénieurs du fleuve Saint-Laurent.

HERBERT, C.H., chef, Direction économique, ministère des Affaires du Nord et des Ressources nationales.

HO CHI MINH, président, République démocratique du Vietnam.

HOLMES, John W., sous-secrétaire d'État adjoint aux Affaires extérieures.

HOOTON, F.G., conseiller, délégation permanente auprès du Conseil de l'Atlantique nord et de l'OECE.

HOOVER, Herbert Jr., sous-secrétaire d'État des États-Unis (oct.-).

HOPPENOT, Henri, représentant permanent de France auprès des Nations Unies et représentant au Conseil de sécurité.

HALL, William O., Member, United Nations Advisory Committee on Administrative and Budgetary Questions, Permanent Mission of United States to United Nations; UNKRA Advisory Committee.

HAMMARSKJÖLD, Dag, Secretary General of United Nations.

HANCOCK, Sir Henry, Permanent Secretary, Ministry of Food of United Kingdom.

HANNAH, Dr. John A., Assistant Secretary of Defense of United States.

HANSEN, H.C.V., Minister of Foreign Affairs of Denmark.

HARRIMAN, W. Averell, Director of Mutual Security Agency of United States; Governor-Elect of New York State.

HARRIS, W.E., Minister of Citizenship and Immigration (-June); Minister of Finance (July-).

HARVEY, Denis, Director, Commodities Branch, Department of Trade and Commerce.

HASSELMAN, Gen. Benjamin R.P.F., Netherlands Member, Military Committee of NATO.

HAUGE, Gabriel, Assistant Secretary of State for Economic Affairs of United States.

HEENEY, A.D.P., Ambassador in United States.

HENRY, D.H.W., Department of Justice, Counsel for Canadian Government before International Joint Commission.

HENRY, R.A.C., Member, Canadian Section, St. Lawrence River Joint Board of Engineers.

HERBERT, C.H., Chief, Economic Division, Department of Northern Affairs and National Resources.

HO CHI MINH, President, Democratic Republic of Vietnam.

HOLMES, John W., Assistant Under-Secretary of State for External Affairs.

HOOTON, F.G., Adviser, Permanent Delegation to North Atlantic Council and OEEC.

HOOVER, Herbert Jr., Under-Secretary of State of United States (Oct.-)

HOPPENOT, Henri, Permanent Representative of France to United Nations, Representative on Security Council.

HOPPER, Dr. W.C., secrétaire commercial, ambassade aux États-Unis.

HORSEY, Outerbridge, section des Affaires canadiennes, Direction des Affaires du Commonwealth, département d'État des États-Unis.

HOWE, C.D., ministre du Commerce et ministre de la Production pour la défense.

HOYER Millar. Voir Millar, Sir F.R. Derek Hoyer.

HUGGINS, Sir Godfrey, premier ministre, Fédération de Rhodésie et du Nyasaland.

HUGHES, John C., représentant permanent des États-Unis, Conseil de l'Atlantique Nord.

HUMPHREY, George M., secrétaire au Trésor des États-Unis.

IGUCHI, Sadao, ambassadeur du Japon (-mars).

INAGAKI, Kazuyoshi, conseiller, ambassade du Japon.

INGLEDOW, colonel Thomas, vice-président et ingénieur en chef, B.C. Electric.

ISBISTER, C.M., directeur, Direction générale des Relations commerciales internationales, ministère du Commerce.

ISMAY, Lord, secrétaire général et vice-président de l'OTAN.

JAMES, A.L., vice-maréchal de l'air, commandant de l'aviation, commandement de la défense aérienne, ARC

JARRING, Gunnar V., directeur, Direction des Affaires politiques, ministère des Affaires étrangères de Suède.

JAY, Harry, Direction économique.

JEBB, Sir H.M. Gladwyn, représentant permanent du Royaume-Uni auprès des Nations Unies (-mars); ambassadeur du Royaume-Uni en France (avr.-).

JOHNSON, Alexis, chef, délégation des États-Unis à la Conférence sur la Corée à Genève.

JOHNSON, David M., représentant permanent auprès des Nations Unies.

JOLY DE LOTBINIÈRE, A.C.E., conseiller, délégation à la Conférence sur la Corée à Genève.

JONES, William G., agent par intérim aux Affaires coréennes, Bureau des Affaires de l'Asie du Nord-Est, département d'État des État-Unis.

HOPPER, Dr. W.C., Agricultural Counsellor, Embassy in United States.

HORSEY, Outerbridge, Canadian Desk, Office of Commonwealth Affairs, Department of State of United States.

HOWE, C.D., Minister of Trade and Commerce and Minister of Defence Production.

HOYER Millar. See Millar, Sir F.R. Derek Hoyer.

HUGGINS, Sir Godfrey, Prime Minister, Federation of Rhodesia and Nyasaland.

HUGHES, John C., Permanent Representative of United States to North Atlantic Council.

HUMPHREY, George M., Secretary of Treasury of United States.

IGUCHI, Sadao, Ambassador of Japan (-Mar.).

INAGAKI, Kazuyoshi, Counsellor, Embassy of Japan.

INGLEDOW, Col. Thomas, Vice-President and Chief Engineer, B.C. Electric.

ISBISTER, C.M.. Director, International Trade Relations Branch, Department of Trade and Commerce.

ISMAY, Lord, Secretary-General and Vice-Chairman, NATO.

JAMES, Air Vice Marshal A.L., Air Officer Commanding, Air Defence Command, RCAF.

JARRING, Gunnar V., Director, Political Division, Ministry of Foreign Affairs of Sweden.

JAY, Harry, Economic and United Nations Divisions.

JEBB, Sir H.M. Gladwyn, Permanent Representative of United Kingdom to United Nations (-Mar.); Ambassador of United Kingdom in France (Apr.-).

JOHNSON, Alexis, Head, United States Delegation to Geneva Conference on Korea.

JOHNSON, David M., Permanent Representative to United Nations.

JOLY DE LOTBINIÈRE, A.C.E., Adviser, Delegation to Geneva Conference on Korea; Second Secretary and Consul, The Hague (Dec.).

JONES, William G., Acting Officer in Charge of Korea Affairs, Office of Northeast Asian Affairs, Department of State of United States.

KAGANOVITCH, L.M., membre, Présidium du Comité central du Parti communiste de l'Union soviétique.

KALIJARVI, Thorsten V., sous-secrétaire adjoint aux Affaires économiques, département d'État des États-Unis.

KENNAN, George F., ancien ambassadeur des États-Unis en Union soviétique (1952-1953).

KHROUCHTCHEV, N.S., membre, Présidium du Comité central du Parti communiste de l'Union soviétique; secrétaire du Comité central du Parti communiste de l'Union soviétique.

KILGOUR, Arthur, secrétaire général suppléant, Commission de surveillance et de contrôle au Vietnam (sept.-).

KIRKPATRICK, Sir Ivone A., sous-secrétaire d'État permanent aux Affaires étrangères du Royaume-Uni.

KOTELAWALA, Sir John, premier ministre et ministre de la Défense du Ceylan.

KRAG, Jens Otto, ministre de l'Économie et du Travail du Danemark.

KURAL, Adnan, secrétaire général de la Conférence sur la Corée à Genève.

KYROU, Alexios, délégué permanent de la Grèce auprès des Nations Unies.

LABOUISSE, Henry, directeur, Office de secours et de travaux des Nations Unies pour les réfugiés de Palestine.

LACOSTE, Francis, représentant suppléant de France à la Conférence sur la Corée à Genève.

LANGE, Halvard M., ministre des Affaires étrangères de la Norvège.

LANIEL, Joseph, premier ministre de France (-juin).

LASKEY, Denis S., département des Organisations occidentales, Foreign Office du Royaume-Uni.

LEE, Sir Frank, chambre de commerce du Royaume-Uni.

LÉGER, Jules, ambassadeur au Mexique (-juil.); sous-secrétaire d'État aux Affaires extérieures (août-).

LEHMAN, sénateur Herbert (D.- New York).

KAGANOVICH, L.M., Member, Presidium of Central Committee of Communist Party of Soviet Union.

KALIJARVI, Thorsten V., Deputy Assistant Secretary of State for Economic Affairs, Department of State of United States.

KENNAN, George F., Former Ambassador of United States in Soviet Union (1952-1953).

KHRUSHCHEV, N.S., Member, Presidium of Central Committee of Communist Party of Soviet Union; Secretary of Central Committee of Communist Party of Soviet Union.

KILGOUR, Arthur, Deputy Secretary-General, International Commission for Supervision and Control in Vietnam (Sep.-), Advisor to Canadian Commissioners, International Commissions for Supervision and Control in Vietnam, Cambodia and Laos.

KIRKPATRICK, Sir Ivone A., Permanent Under Secretary of State for Foreign Affairs of United Kingdom.

KOTELAWELA, Sir John, Prime Minister and Minister of Defence of Ceylon.

KRAG, Jens Otto, Minister of Economy and Labour of Denmark.

KURAL, Adnan, Secretary-General, Geneva Conference on Korea.

KYROU, Alexios, Permanent Delegate of Greece to United Nations; Director General, Ministry of Foreign Affairs of Greece (Jan.-).

LABOUISSE, Henry, Director, United Nations Relief and Works Agency for Palestine Refugees.

LACOSTE, Francis, Deputy Representative of France to Geneva Conference on Korea.

LANGE, Halvard M., Minister of Foreign Affairs of Norway.

LANIEL, Joseph, Prime Minister of France (-June).

LASKEY, Denis S., Western Organizations Department, Foreign Office of United Kingdom.

LEE, Sir Frank, Board of Trade of United Kingdom.

LÉGER, Jules, Ambassador in Mexico (-July); Under-Secretary of State for External Affairs (Aug.-).

LEHMAN, Senator Herbert (D.-New York).

LEPAN, D.V., ministre-conseiller, ambassade aux États-Unis.

LESAGE, Jean, ministre des Affaires du Nord et des Ressources nationales (juil.-).

LETT, Sherwood, commissaire, Commission de surveillance et de contrôle au Vietnam (sept.-).

LEWIS, Roger, secrétaire adjoint aux Forces aériennes des États-Unis.

LINTOTT, Sir Henry, secrétaire général suppléant de l'OECE.

LINVILLE, Francis, chef, Bureau des produits agricoles, département d'État des États-Unis.

LLOYD, John Selwyn, ministre d'État aux Affaires étangères du Royaume-Uni.

LODGE, Henry Cabot, Jr., représentant permanent des États-Unis auprès des Nations Unies.

LONGAIR, A., Conseil de recherches pour la défense.

LUY, Marcel, département politique fédéral de la Suisse.

MACDERMOT, T.W.L., haut-commissaire à l'Union d'Afrique du Sud; ambassadeur en Grèce (août-).

MACDONALD, Malcolm, commissaire général du Royaume-Uni en Asie du Sud-Est.

MACDONALD, Scott, ambassadeur en Yougoslavie.

MACDONNELL, R.M., sous-secrétaire d'État adjoint aux Affaires extérieures.

MACKAY, R.A., sous-secrétaire d'État par intérim aux Affaires extérieures (-juil.); sous-secrétaire d'État adjoint aux Affaires extérieures (août-).

MACLELLAN, K.W.H., deuxième secrétaire, ambassade en Suisse.

MACMILLAN, Sir Harold, ministre de la Défense du Royaume-Uni.

MAGSAYSAY, Ramon, président des Philippines.

MAKINS, Sir Roger, ambassadeur du Royaume-Uni aux États-Unis.

MALENKOV, G.M., président, Présidium du Conseil des ministres de l'Union soviétique; membre, Présidium du Comité central du Parti communiste de l'Union soviétique.

MAO TSE TOUNG, président du Parti communiste de la République populaire de Chine.

MARGRAVE, R.N., Bureau du contrôle des munitions, département d'État des États-Unis.

LEPAN, D.V., Minister-Counsellor, Embassy in United States.

LESAGE, Jean, Minister of Northern Affairs and Natural Resources.

LETT, Sherwood, Commissioner, International Commission for Supervision and Control in Vietnam (Sep.-).

LEWIS, Roger, Assistant Secretary of Air Force of United States.

LINTOTT, Sir Henry, Deputy Secretary-General, OEEC.

LINVILLE, Francis, Chief, Agricultural Products Staff, Department of State of United States.

LLOYD, John Selwyn, Minister of State for Foreign Affairs of United Kingdom.

LODGE, Henry Cabot, Jr., Permanent Representative of United States to United Nations.

LONGAIR, A., Defence Research Board.

LUY, Marcel, Federal Political Department of Switzerland.

MACDERMOT, Terence W.L., High Commissioner to Union of South Africa; Ambassador in Greece (Aug.-).

MACDONALD, Malcolm, Commissioner General for the United Kingdom in Southeast Asia.

MACDONALD, Scott, Ambassador in Yugoslavia.

MACDONNELL, R.M., Assistant Under-Secretary of State for External Affairs.

MACKAY, R.A., Deputy Under-Secretary of State for External Affairs (-July); Assistant Under-Secretary of State for External Affairs (Aug.-).

MACLELLAN, K.W.H., Second Secretary and Vice-Consul, Embassy in Switzerland.

MACMILLAN, Sir Harold, Minister of Defence of United Kingdom.

MAGSAYSAY, Ramon, President of the Philippines.

MAKINS, Sir Roger, Ambassador of United Kingdom in United States.

MALENKOV, G.M., Chairman, Presidium of Council of Ministers of Soviet Union; Member, Presidium of Central Committee of Communist Party of Soviet Union.

MAO TSE TUNG, Chairman, Communist Party of People's Republic of China.

MARGRAVE, R.N., Office of Munitions Control, Department of State of United States.

MARJOLIN, Robert E., secrétaire général de l'OECE.

MARLER, George C., député à l'Assemblée législative du Québec (-juin); ministre des Transports (juil.-).

MARTIN, Paul, ministre de la Santé nationale et du Bien-être social et chef suppléant, délégation à l'Assemblée générale des Nations Unies.

MARTIN, Edwin M., représentant suppléant des États-Unis auprès de l'OECE.

MARTIN, W.R., secrétaire adjoint du Cabinet.

MASSIGLI, René, ambassadeur de France au Royaume-Uni.

MATSUDAIRA, Koto, ambassadeur du Japon (mars-).

MAUDLING, Reginald, secrétaire parlementaire au ministre de l'Aviation civile du Royaume-Uni.

MAYRAND, Léon, ambassadeur au Chili (-sept.); commissaire, Commission internationale de surveillance et de contrôle au Laos.

MCCANN, Dr. J.J., ministre du Revenu national.

MCCARDLE, J.J., deuxième secrétaire, ambassade aux États-Unis.

MCGAUGHEY, Charles, Direction de l'Extrême-Orient.

MCGRIGOR, amiral Sir R., représentant du Royaume-Uni, Comité militaire de l'OTAN.

MCINTOSH, A.D., secrétaire permanent, ministère des Affaires extérieures de la Nouvelle-Zélande et délégué de la Nouvelle-Zélande à la Conférence sur la Corée à Genève.

MCIVOR, G.H., commissaire en chef, Commission canadienne du blé.

MCKENZIE, Marjorie, Direction du Commonwealth.

MCKINNON, H.B., président, Commission du tarif.

MCNAMARA, W.C., commissaire en chef adjoint, Commission canadienne du blé.

MCNAUGHTON, général A.G.L., président, section canadienne, Commission mixte internationale et Commission permanente canado-américaine de défense.

MEGILL, général William J., conseiller militaire, Commission de surveillance et de contrôle au Vietnam.

MARJOLIN, Robert E., Secretary-General, OEEC.

MARLER, George C., Member of Quebec National Assembly (-June); Minister of Transport (July-).

MARTIN, Paul, Minister of National Health and Welfare, Deputy Head, Delegation to United Nations General Assembly.

MARTIN, Edwin M., Deputy Representative of United States to North Atlantic Council.

MARTIN, W.R., Assistant Secretary to Cabinet.

MASSIGLI, René, Ambassador of France in the United Kingdom.

MATSUDAIRA, Koto, Ambassador of Japan (Mar.-).

MAUDLING, Reginald, Parliamentary Secretary to Minister of Civil Aviation of United Kingdom.

MAYRAND, Léon, Ambassador to Chile (-Sep.); Commissioner, International Commission for Supervision and Control in Laos.

MCCANN, Dr. J.J., Minister of National Revenue.

MCCARDLE, J.J., Second Secretary, Embassy in United States.

MCGAUGHEY, Charles, Far Eastern Division.

MCGRIGOR, Admiral Sir R., Representative of United Kingdom, Military Committee of NATO.

MCINTOSH, A.D., Permanent Secretary, Department of External Affairs of New Zealand, Delegate of New Zealand, Geneva Conference on Korea.

MCIVOR, G.H., Chief Commissioner, Canadian Wheat Board.

MCKENZIE, Marjorie, Commonwealth Division.

MCKINNON, H.B., Chairman, Tariff Board.

MCNAMARA, W.C., Assistant Chief Commissioner, Canadian Wheat Board.

MCNAUGHTON, General A.G.L., Chairman, Canadian Section, International Joint Commission and of PJBD.

MEGILL, General William J., Military Adviser, International Commission for Supervision and Control in Vietnam.

MENDES-FRANCE, Pierre, premier ministre de France (juin-).

MENON, V.K. Krishna, représentant de l'Inde, délégation à l'Assemblée générale des Nations Unies.

MENZIES, Arthur, chef, Direction de l'Extrême-Orient.

MERCHANT, Livingston, secrétaire d'État adjoint aux Affaires européennes, département d'État des États-Unis.

MIKOYAN, A.I., membre, Présidium du Comité central du Parti communiste de l'Union soviétique.

MILLAR, Sir F.R. Derek Hoyer, haut-commissaire du Royaume-Uni auprès de la Haute Commission interalliée en Allemagne.

MILLER, F.R., vice-maréchal de l'air, vice-chef d'état-major de l'air.

MILLIKEN, sénateur Eugene D. (R.-Colorado), président, Comité des Finances du Sénat des États-Unis.

MOCH, Jules, représentant permanent de France, Commission du désarmement.

MOLOTOV, V.M., ministre des Affaires étrangères de l'Union soviétique et premier vice-président du Conseil des ministres.

MOORE, Ben, directeur, Bureau des Affaires régionales européennes, département d'État des États-Unis.

MORAN, H.O., ambassadeur en Turquie.

MORSE, True, sous-secrétaire à l'Agriculture des États-Unis.

MÜLLER-ARMACK, A., représentant de la République fédérale d'Allemagne auprès de l'OECE.

MUNRO, L.K., ambassadeur de la Nouvelle-Zélande aux États-Unis; représentant permanent auprès des Nations Unies.

MURPHY, Robert, sous-secrétaire d'État adjoint aux Affaires politiques, département d'État des États-Unis.

MURRAY, G.S., Direction européene.

MUÛLS, Fernand, ambassadeur de Belgique.

NAM IL, lieutenant-colonel (Armée populaire de la Corée), représentant de la République populaire démocratique de Corée à la Conférence sur la Corée à Genève.

NARASIMHAN, C.V., ministre des Finances de l'Inde.

MENDÈS-FRANCE, Pierre, Prime Minister of France (June-).

MENON, V.K. Krishna, Representative of India, Delegation to United Nations General Assembly.

MENZIES, Arthur, Head, Far Eastern Division.

MERCHANT, Livingston, Assistant Secretary of State for European Affairs, Department of State of United States.

MIKOYAN, A.I., Member, Presidium of Central Committee of Communist Party of Soviet Union.

MILLAR, Sir F.R. Derek Hoyer, High Commissioner of United Kingdom to Allied High Commission in Germany.

MILLER, Air Vice-Marshal F.R., Vice Chief of Air Staff.

MILLIKIN, Senator Eugene D. (R.-Colorado), Chairman, Senate Finance Committee of United States.

MOCH, Jules, Permanent Representative of France on Disarmament Commission.

MOLOTOV, V.M., Minister of Foreign Affairs of Soviet Union, First Deputy Chairman, Council of Ministers.

MOORE, Ben, Director, Office of European Regional Affairs, Department of State of United States.

MORAN, H.O., Ambassador in Turkey.

MORSE, True, Under-Secretary of Agriculture of United States.

MÜLLER-ARMACK, A., Representative of Federal Republic of Germany to OEEC.

MUNRO, L.K., Ambassador of New Zealand in United States; Permanent Representative to United Nations.

MURPHY, Robert, Deputy Under-Secretary of State for Political Affairs, Department of State of United States.

MURRAY, G.S., European Division.

MUÛLS, Fernand, Ambassador of Belgium.

NAM IL, Lieutenant Colonel, Korean People's Army, Representative of Democratic People's Republic of Korea, Korean Political Conference.

NARASIMHAN, C.V., Minister of Finance of India.

NASSER, Colonel A.G., président du Conseil de commandement révolutionnaire et premier ministre d'Égypte (-mars); premier ministre d'Égypte (avr.-).

NEAL, A.E., ministère du Commerce.

NEHRU, Pandit Jawaharlal, premier ministre et ministre des Affaires extérieures et des Relations avec le Commonwealth de l'Inde.

NERVO, Luis Padilla, représentant permanent du Mexique auprès des Nations Unies.

NICOLAIDES-BOURBAKI, Georges, représentant de la Grèce auprès de l'OECE.

NICOLS, Clarence, directeur par intérim, Politique des matériaux internationaux, département d'État des États-Unis.

NIXON, Richard M., vice-président des États-Unis.

NKRUMAH, Dr. Kwame, chef du gouvernement de la Côte d'or.

NUTTING, Anthony, sous-secrétaire d'État parlementaire aux Affaires étrangères du Royaume-Uni et chef de la délégation du Royaume-Uni à l'Assemblée générale des Nations Unies.

OCKRENT, R.A., représentant permanent de Belgique auprès de l'OECE.

O'DONNELL, Madame Madeleine Saint-Laurent, fille du premier ministre, Louis Saint-Laurent.

PANDE, B.B., secrétaire à Planification et au Développement du Népal.

PANDIT, Madame Vijaya Lakshmi, chef, délégation de l'Inde à l'Assemblée générale des Nations Unies.

PAPAGOS, maréchal Alexander, premier ministre de Grèce.

PARKINSON, J.F., conseiller financier, haut-commissariat au Royaume-Uni.

PARTHASARATHI, G., président, Commission de surveillance et de contrôle au Cambodge (sept.-).

PEARSON, Lester B., secrétaire d'État aux Affaires extérieures et chef de la délégation à l'Assemblée générale des Nations Unies.

PELLETIER, Paul, secrétaire adjoint du Cabinet.

PETITPIERRE, Max, ministre du Département politique fédéral de la Suisse (-nov.); président de la Suisse (déc.)

NASSER, Colonel Gamal Abdel, Chairman of Council of Revolutionary Command and Premier of Egypt (-Mar.); Premier of Egypt (Apr.-).

NEAL, A.E., Department of Trade and Commerce.

NEHRU, Pandit Jawaharlal, Prime Minister and Minister for External Affairs and Commonwealth Relations of India.

NERVO, Luis Padilla, Permanent Representative of Mexico to United Nations.

NICOLAIDES-BOURBAKI, Georges, Commercial Chargé des Affaires of Greece in France, and Representative of Greece to OEEC.

NICOLS, Clarence, Acting Director, International Materials Policy, Department of State of United States.

NIXON, Richard M., Vice-President of United States.

NKRUMAH, Dr. Kwame, Head of Government, Gold Coast.

NUTTING, Anthony, Parliamentary Under-Secretary of State for Foreign Affairs of United Kingdom, Head of Delegation of United Kingdom to General Assembly of United Nations.

OCKRENT, R.A., Permanent Representative of Belgium to OEEC.

O'DONNELL, Mrs. Madeleine St. Laurent, Daughter of Louis St. Laurent, Prime Minister.

PANDE, B.B., Secretary for Planning and Development of Nepal.

PANDIT, Madame Vijaya Lakshmi, Head, Delegation of India to United Nations General Assembly.

PAPAGOS, Marshal Alexander, Prime Minister of Greece.

PARKINSON, J.F., Financial Counsellor, High Commission in United Kingdom.

PARTHASARATHI, G., Chairman, International Commission for Supervision and Control in Cambodia (Sep.-).

PEARSON, Lester B., Secretary of State for External Affairs and Chairman, Delegation to United Nations General Assembly.

PELLETIER, Paul, Assistant Secretary to Cabinet.

PETITPIERRE, Max, Minister of Federal Political Department of Switzerland (-Nov.); President of Switzerland (Dec.).

PIERCE, S.D., ambassadeur au Brésil.

PILLAI, Sir R.N., secrétaire général du ministère des Affaires extérieures de l'Inde.

PLOWDEN, Sir Edwin, président, Atomic Energy Authority du Royaume-Uni.

PLUMPTRE, A.F.W., ministre, délégation permanente auprès du Conseil de l'Atlantique Nord et l'OECE; ministère des Finances (avr.-).

POPE, lieutenant-général M.A., ambassadeur en Espagne.

PRITCHARD, Neil, sous-secrétaire adjoint, Direction des Affaires étrangères, Bureau des Relations avec le Commonwealth du Royaume-Uni; haut-commissaire suppléant du Royaume-Uni;

PYUN, Yung Tai, ministre des Affaires étrangères de la République de Corée.

RADFORD, amiral A.W., président, Comité des chefs d'état-major des États-Unis.

RAE, Saul, adjoint spécial du secrétaire d'État aux Affaires extérieures.

RASMINSKY, Louis, adjoint exécutif du gouverneur de la Banque du Canada.

RAYNOR, G. Hayden, directeur, Bureau des Affaires du Commonwealth et de l'Europe du Nord, département d'État des États-Unis.

READ, C.L., conseiller financier, délégation permanente auprès du Conseil de l'Atlantique Nord et de l'OECE.

READING, Lord, ministre d'État du Royaume-Uni et représentant suppléant du Royaume-Uni à la Conférence sur la Corée à Genève.

REID, Escott, haut-commissaire en Inde.

REISMAN, S.S., Direction des Relations économiques internationales, ministère des Finances.

RESTON, James « Scotty », correspondent diplomatique du *New York Times*.

RHEE, Syngman, président de la République de Corée.

RICKETT, Sir Denis H.F., ministre (Affaires économiques), ambassade du Royaume-Uni aux États-Unis.

RILEY, Ronald T., président, Canadian Pratt and Whitney Aircraft Co. Ltd.

RITCHIE, A.E., chef, Direction économique.

RITCHIE, C.S.A., sous-secrétaire d'État suppléant aux Affaires extérieures (-juil.); ambassadeur en République fédérale d'Allemagne.

PIERCE, S.D., Ambassador in Brazil.

PILLAI, Sir R.N., Secretary-General, Ministry of External Affairs of India.

PLOWDEN, Sir Edwin, President, Atomic Energy Authority of United Kingdom.

PLUMPTRE, A.F.W., Minister, Permanent Delegations of Canada to North Atlantic Council and OEEC; Department of Finance (Apr.-).

POPE, Lieutenant-General M.A., Ambassador in Spain.

PRITCHARD, Neil, Deputy High Commissioner of United Kingdom; Assistant Under-Secretary, Foreign Affairs Division, Commonwealth Relations Office of United Kingdom.

PYUN, Yung Tai, Minister of Foreign Affairs, Republic of Korea.

RADFORD, Admiral A.W., Chairman, Joint Chiefs of Staff of United States.

RAE, Saul, Special Assistant to Secretary of State for External Affairs.

RASMINSKY, Louis, Executive Assistant to Governor of Bank of Canada.

RAYNOR, G. Hayden, Director, Office of British Commonwealth and Northern European Affairs, Department of State of United States.

READ, C.L., Financial Adviser, Permanent Delegations of Canada to North Atlantic Council and OEEC.

READING, Lord, Minister of State of United Kingdom, Deputy Representative of United Kingdom to Geneva Conference on Korea.

REID, Escott, High Commissioner in India.

REISMAN, S.S., International Economic Relations Division, Department of Finance.

RESTON, James "Scotty", Diplomatic Correspondent, *New York Times*.

RHEE, Syngman, President of Republic of Korea.

RICKETT, Sir Denis H.F., Economic Minister of United Kingdom in United States and Head of the United Kingdom Treasury and Supply Delegation.

RILEY, Ronald T., President, Canadian Pratt and Whitney Aircraft Co. Ltd.

RITCHIE, A.E., Head, Economic Division.

RITCHIE, C.S.A., Deputy Under-Secretary of State for External Affairs (-July); Ambassador in Federal Republic of Germany.

ROBERTSON, N.A., haut-commissaire au Royaume-Uni.

ROBERTSON, R.G., secrétaire adjoint du Cabinet.

ROBERTSON, Walter S., sous-secrétaire d'État adjoint aux Affaires de l'Extrême-Orient, département d'État des États-Unis.

ROGERS, E.B., chef par intérim, 1ère Direction de liaison avec la Défense.

ROMULU, brigadier Carlos P., représentant des Philippines à l'Assemblée générale des Nations Unies.

RONNING, Chester A., ministre en Norvège (avr.-) et en Islande (juil.-)

ROSS, Emerson, chef, Bureau du développement économique et d'investissement, département d'État des États-Unis.

ROWAN, Sir Leslie, Conseil du Trésor du Royaume-Uni.

SAINT-LAURENT, Louis S., premier ministre.

SAKSENSA, R.R., haut-commissaire de l'Inde.

SALMON, A., premier secrétaire de la légation d'Israël.

SARPER, Selim, représentant de la Turquie auprès des Nations Unies.

SAUNDERS, R.H., président, Commission de l'énergie hydro-électrique de l'Ontario.

SCHAETZEL, J. Robert, adjoint spécial du secrétaire d'État adjoint aux Affaires économiques, département d'État des États-Unis.

SCHUMANN, Maurice, secrétaire d'État aux Affaires étrangères de France (-juin).

SCOTT, Sir Robert H., ministre, ambassade du Royaume-Uni aux États-Unis.

SCOTT, S.M., ministre conseiller, ambassade au Japon (-juil.); chef, Direction des Nations Unies; haut-commissaire au Pakistan (nov.-).

SCULLY, H.B., attaché, ambassade en France.

SHARETT, Moshe, premier ministre d'Israël.

SHARP, M.W., sous-ministre adjoint du Commerce.

SHEARER, Warren W., directeur suppléant, Bureau des Affaires économiques, mission des États-Unis à l'OTAN et délégation des États-Unis auprès de l'OECE.

SIM, David, sous-ministre du Revenu national.

ROBERTSON, N.A., High Commissioner in United Kingdom.

ROBERTSON, R.G., Assistant Secretary to Cabinet.

ROBERTSON, Walter S., Deputy Assistant Secretary for Far Eastern Affairs, Department of State of United States.

ROGERS, E.B., Acting Head, Defence Liaison (1) Division.

ROMULU, Brigadier Carlos P., Representative of Philippines to United Nations General Assembly.

RONNING, Chester A., Minister in Norway (Apr.-), and in Iceland (July-).

ROSS, Emerson, Chief, Investment and Economic Development Staff, Department of State of United States.

ROWAN, Sir Leslie, Treasury Board of United Kingdom.

ST. LAURENT, Louis S., Prime Minister.

SAKSENA, R.R., High Commissioner of India.

SALMON, A., First Secretary, Legation of Israel.

SARPER, Selim, Representative of Turkey to United Nations.

SAUNDERS, R.H., Chairman, Ontario Hydro-Electric Commission.

SCHAETZEL, J. Robert, Special Assistant to Assistant Secretary for Economic Affairs, Department of State of United States.

SCHUMAN, Maurice, Secretary of State for Foreign Affairs of France (-June).

SCOTT, Sir Robert H., Minister, Embassy of United Kingdom in United States.

SCOTT, S.M., Minister-Counsellor, Embassy in Tokyo (-July); Head, United Nations Division [?]; High Commissioner in Pakistan (Nov.-).

SCULLY, H.B., Attaché, Embassy in France.

SHARETT, Moshe, Prime Minister of Israel.

SHARP, M.W., Associate Deputy Minister of Trade and Commerce.

SHEARER, Warren W., Deputy Director, Office of Economic Affairs, Mission of United States to NATO, Delegation of United States to OEEC.

SIM, David, Deputy Minister of National Revenue.

SIMONDS, lieutenant-général G.G., chef d'état-major général.

SINCLAIR, Madame Adelaide, adjointe exécutive du sous-ministre de la Santé nationale et du Bien-être social et représentante auprès du Fonds des Nations Unies pour l'enfance (UNICEF).

SINCLAIR, James, ministre des Pêcheries.

SKAUG, Arne, représentant permanent de Norvège, Conseil de l'Atlantique Nord.

SMITH, Gerard, adjoint spécial au secrétaire d'État des États-Unis sur les questions atomiques.

SMITH, R. Guy C., conseiller commercial, ambassade aux États-Unis.

SMITH, Walter Bedell, sous-secrétaire d'État des États-Unis (-oct.).

SOLANDT, Dr. O.M., président, Conseil de recherches pour la défense.

SOUTHARD, Frank, directeur exécutif, Fonds monétaire international.

SPAAK, Paul-Henri, président, Assemblée commune, Communauté européenne du charbon et de l'acier.

SPENDER, Sir Percy, ambassadeur d'Australie aux États-Unis.

STARKENBORGH. Voir Tjarda van Starkenborgh Stachouwer, Alidius.

STASSEN, Harold, directeur, Administration des opérations étrangères des États-Unis.

STEEL, Sir Christopher, représentant permanent du Royaume-Uni, Conseil de l'Atlantique Nord.

STEPHANOPOULOS, Stephanos, ministre des Affaires étrangères de Grèce.

STUART, R. Douglas, ambassadeur des États-Unis.

STONER, O.G., deuxième secrétaire, ambassade en France (-avr.); Direction économique.

STRAUSS, amiral Lewis L., président, United States Atomic Energy Commission.

STURM, Paul, consul des États-Unis à Hanoi; section de l'Indochine, département d'État des États-Unis.

SUETENS, Maximilien R.L.M., représentant de Belgique aux négotiations de l'Accord général sur les tarifs douaniers et le commerce.

SWINTON, Lord, secrétaire d'État des Relations du Commonwealth du Royaume-Uni.

TAYLOR, K.W., sous-ministre des Finances.

SIMONDS, Lt.-Gen. G.G., Chief of General Staff.

SINCLAIR, Mrs. Adelaide, Executive Assistant to Deputy Minister of National Health and Welfare and Representative to United Nations International Children's Emergency Fund (UNICEF).

SINCLAIR, James, Minister of Fisheries.

SKAUG, Arne, Permanent Representative of Norway to North Atlantic Council.

SMITH, Gerard, Special Assistant for Atomic Affairs to the Secretary of State, Department of State of United States.

SMITH, R.G.C., Commercial Counsellor, Embassy in United States.

SMITH, Walter Bedell, Under-Secretary of State of United States (-Oct.).

SOLANDT, Dr. O.M., Chairman, Defence Research Board.

SOUTHARD, Frank, Executive Director, International Monetary Fund.

SPAAK, Paul-Henri, President, Common Assembly, European Coal and Steel Community.

SPENDER, Sir Percy, Ambassador of Australia in United States.

STARKENBORGH. See Tjarda van Starkenborgh Stachouwer, Alidius.

STASSEN, Harold, Director, Foreign Operations Administration of United States.

STEEL, Sir Christopher, Permanent Representative of United Kingdom to North Atlantic Council.

STEPHANOPOULOS, Stephanos, Minister of Foreign Affairs of Greece.

STUART, R. Douglas, Ambassador of United States.

STONER, O.G., Second Secretary, Embassy in France (-Apr.); Economic Division.

STRAUSS, Admiral Lewis L., Chairman, United States Atomic Energy Commission.

STURM, Paul, Consul of United States in Hanoi; Indo-China Desk, Department of State of United States.

SUETENS, Maximilien R.L.M., Belgian Representative in GATT Negotiations.

SWINTON, Lord, Secretary of State for Commonwealth Relations of United Kingdom.

TAYLOR, K.W., Deputy Minister of Finance.

TCHANG KAI-CHEK, général, président de la République de Chine.

SEE Chiang Kai-shek.

TCHOU EN-LAI, premier ministre et ministre des Affaires étrangères de la République populaire de Chine.

SEE Chou En-Lai.

TEAKLES, J.M., chargé d'affaires, ambassade en Tchécoslovaquie; 1ère Direction de liaison avec la Défense (juin-).

TEAKLES, J.M., Chargé d'Affaires a.i., Embassy in Czechoslovakia; Defence Liaison (1) Division (June-).

THIBODEAUX, Ben H., directeur, Bureau de la politique de défense économique et commerciale, département d'État des États-Unis (oct.-).

THIBODEAUX, Ben H., Director, Office of Economic Defense and Trade Policy, Department of State of United States (Oct.-).

THIMAYYA, lieutenant-général K.S., armée de l'Inde, président, Commission des nations neutres de rapatriement.

THIMAYYA, Lieutenant-General K.S., Indian Army, Chairman, Neutral Nations Repatriation Commission.

THORNEYCROFT, Peter, président, Chambre de commerce du Royaume-Uni.

THORNEYCROFT, Peter, President, Board of Trade of United Kingdom.

TITO, maréchal Josip Broz, premier ministre et ministre de la Défense de Yougoslavie.

TITO, Marshal Josip Broz, Prime Minister and Minister of Defence of Yugoslavia.

TJARDA VAN STARKENBORGH STACHOWER, Alidius, représentant permanent des Pays-Bas, Conseil de l'Atlantique Nord.

TJARDA VAN STARKENBORGH STACHOUWER, Alidius, Permanent Representative of Netherlands to North Atlantic Council.

TOWE, P.M., Direction de l'Amérique.

TOWE, P.M. American Division.

TOWERS, Graham, gouverneur de la Banque du Canada.

TOWERS, John, Governor of the Bank of Canada.

TURGEON, W.F.A., ministre au Portugal.

TURGEON, W.F.A., Minister in Portugal.

URRUTIA, Francisco, chef, délégation de la Colombie à l'Assemblée générale des Nations Unies.

URRUTIA, Francisco, Head, Delegation of Colombia to United Nations General Assembly.

VALLUY, général Jean, membre de France, Groupe permanent de l'OTAN.

VALLUY, General Jean, Member for France, Standing Group of NATO.

VAN DER KIEFT, Johan, ministre des Finances des Pays-Bas.

VAN DER KIEFT, Johan, Minister of Finance of the Netherlands.

VAN KLEFFENS, Eelco N., président de l'Assemblée générale des Nations Unies.

VAN KLEFFENS, Eelco N., President, United Nations General Assembly.

VAN VREDENBURCH, Jonkheer, secrétaire général suppléant de l'OTAN.

VAN VREDENBURCH, Jonkheer, Deputy Secretary-General of NATO.

VERNON, Ray, directeur par intérim, Bureau de la politique de défense économique et commerciale, département d'État des États-Unis.

VERNON, Ray, Acting Director, Office of Economic Defense and Trade Policy, Department of State of United States.

VEST, George, Section des Affaires canadiennes, Direction des Affaires du Commonwealth, département d'État des États-Unis.

VEST, George, Second Secretary, Embassy of United States; Canadian Desk, Office of Commonwealth Affairs, Department of State of United States.

VO NGUYEN GIAP, général, ministre de la Défense et vice-premier ministre de la République démocratique du Vietnam.

VO NGUYEN GIAP, General, Minister of Defence and Vice-Premier, Democratic Republic of Vietnam.

VOGEL, G.N., chef, Division du blé et des céréales, ministère du Commerce et chef, délégation commerciale au Japon.

VOGEL, G.N., Chief, Wheat and Grain Division, Department of Trade and Commerce; Head, Trade Delegation to Japan.

VYCHINSKY, Andreĭ Y., premier vice-ministre des Affaires étrangères de l'Union soviétique, représentant permanent auprès des Nations Unies et représentant au Conseil de sécurité (-nov.).

WADSWORTH, James J., représentant suppléant des États-Unis auprès des Nations Unies et représentant suppléant au Conseil de sécurité.

WAN WAITHAYAKON, Prince K.N.B., ministre des Affaires étrangères de la Thaïlande; coprésident à la Conférence sur la Corée à Genève.

WANG, Pin-Nan, secrétaire général, délégation de la République populaire de Chine à la Conférence sur la Corée à Genève.

WARREN, J.H., délégué suppléant auprès du Fonds monétaire internationale.

WATT, Alan S., délégué de l'Australie à la Conférence sur la Corée à Genève.

WAUGH, Samuel C., secrétaire d'État adjoint aux Affaires économiques des États-Unis.

WEBB, T. Clifton, ministre des Affaires extérieures de la Nouvelle-Zélande.

WEEKS, Sinclair, secrétaire au Commerce des États-Unis.

WERSHOF, M.H., sous-secrétaire d'État adjoint par intérim aux Affaires extérieures et conseiller juridique.

WEST, C.W., sous-ministre des Transports.

WHITELY, général Sir John F.M., représentant du Royaume-Uni, Groupe permanent de l'OTAN.

WILEY, sénateur Alexander (R-Wisconsin), président, Comité des relations étrangères du Sénat des États-Unis.

WILGRESS, L. D., représentant permanent auprès du Conseil de l'Atlantique Nord et de l'OECE.

WILLIAMS, B.M., premier secrétaire, haut-commissariat en Inde; conseiller, haut-commissariat en Inde (sept.-).

WILLIAMSON, K.B., Direction européenne.

WILSON, Charles, secrétaire à la Défense des États-Unis.

WILSON, D.B., Direction économique.

WILSON, Dr. Roland, secrétaire aux Finances de l'Australie.

VYSHINSKY, Andrei Y., First Deputy Minister of Foreign Affairs of Soviet Union, Permanent Representative to United Nations and Representative on Security Council (-Nov.).

WADSWORTH, Deputy Representative of United States to United Nations and Deputy Representative on Security Council.

WAN WAITHAYAKON, Prince K.N.B., Minister of Foreign Affairs of Thailand, Co-Chairman, Geneva Conference on Korea.

WANG, Pin-Nan, Assistant to Minister of Foreign Affairs of China, Secretary-General, Delegation of the People's Republic of China to Geneva Conference on Korea.

WARREN, J.H., Alternate Delegate to International Monetary Fund.

WATT, Alan S., Delegate of Australia to Geneva Conference on Korea.

WAUGH, Samuel C., Assistant Secretary of State for Economic Affairs of United States.

WEBB, T. Clifton, Minister of External Affairs of New Zealand.

WEEKS, Sinclair, Secretary of Commerce of United States.

WERSHOF, M.H., Assistant Under-Secretary of State for External Affairs, Legal Advisor.

WEST, C.W., Deputy Minister of Transport.

WHITELY, General Sir John F.M., Representative of United Kingdom, Standing Group of NATO.

WILEY, Senator Alexander (R-Wisconsin), Chairman, Senate Foreign Relations Committee of United States.

WILGRESS, L. D., Permanent Representative to North Atlantic Council and OEEC.

WILLIAMS, B.M., First Secretary, High Commission in India; Counsellor, High Commission in India (Sep.-) and temporary duty in Indochina (Dec.).

WILLIAMSON, K.B., European Division.

WILSON, Charles, Secretary of Defense of United States.

WILSON, D.B., Economic Division.

WILSON, Dr. Roland, Secretary of Finance of Australia.

WINTERS, Robert, ministre des Travaux publiques.

WOODWARD, Robert, sous-secrétaire d'État adjoint aux Affaires interaméricains, département d'État des États-Unis.

WÖRMSER, Olivier, représentant de France auprès de l'OECE.

WRIGHT, amiral Jerauld, Commandant suprême des forces alliées de l'Atlantique.

YANG, You Chang, ambassadeur de la République de Corée auprès des Nations Unies.

YINGLING, R.T., conseiller juridique adjoint aux Affaires européennes, département d'État des États-Unis.

YOUNG, Kenneth, directeur, Bureau des Affaires de l'Asie du Nord-Est, département d'État des États-Unis.

ZARUBIN, Georgiy N., ambassadeur de l'Union soviétique aux États-Unis.

ZORLU, Fatin Rustu, représentant permanent de la Turquie, Conseil de l'Atlantique Nord.

WINTERS, Robert, Minister of Public Works.

WOODWARD, Robert, Deputy Assistant Under-Secretary of State for Inter-American Affairs, Department of State of United States.

WÖRMSER, Olivier, Representative of France to OEEC.

WRIGHT, Admiral Jerauld, Supreme Allied Commander Atlantic.

YANG, You Chang, Ambassador of Republic of Korea to United Nations.

YINGLING, R.T., Assistant Legal Adviser for European Affairs, Department of State of United States.

YOUNG, Kenneth, Director, Office of Northeast Asia Affairs, Department of State of United States.

ZARUBIN, Georgiy N., Ambassador of Soviet Union in United States.

ZORLU, Fatin Rustu, Permanent Representative of Turkey to North Atlantic Council.

ILLUSTRATIONS

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PA-133381

A view of Canadian plots in the United Nations' Military Cemetery, Pusan, South Korea, March 1954.

Concessions canadiennes dans le cimetière militaire des Nations Unies, à Pusan, Corée du Sud, en mars 1954.

PA-131813

A soldier of the Royal Canadian Dragoons patrolling the demilitarized zone separating South from North Korea in August 1954.

Soldat des Royal Canadian Dragoons patrouillant dans la zone démilitarisée qui sépare la Corée du Sud de la Corée du Nord, en août 1954.

PA-200110

Representatives of the countries co-sponsoring the resolution establishing the International Atomic Energy Agency. Seated l. to r.: Anthony Nutting (United Kingdom), Henry Cabot Lodge, Jr. (USA) and Jules Moch (France). Standing l. to r.: Brian Hill (Australia), W.C. Plessis (South Africa), Paul Martin (Canada) and M.F. Van Langenhove (Belgium).

Représentants des pays coparrainant la résolution qui crée l'Agence internationale de l'énergie atomique. Assis de g. à d. : Anthony Nutting (Royaume-Uni), Henry Cabot Lodge Jr. (États-Unis) et Jules Moch (France). Debout de g. à d. : Brian Hill (Australie), W.C. Plessis (Afrique du Sud), Paul Martin (Canada) et M.F. Van Langenhove (Belgique).

UN-44326

UN Photo/ONU Photo

K.G. Montgomery of the Canadian Delegation to the 9th session of the General Assembly (left) chats with B.V. Kudryavtsev of the delegation of the Byelorussian Socialist Soviet Republic during a meeting of the Third (Social, Humanitarian and Cultural) Committee.

K.G. Montgomery, de la délégation canadienne à la 9e session de l'Assemblée générale (à gauche), bavarde avec B.V. Kudryavtsev, de la délégation de la République socialiste soviétique de Biélorussie, durant une réunion de la Troisième Commission (sociale, humanitaire et culturelle).

PA-166837

Royal Canadian Air Force personnel load Mutual Aid supplies for Turkey onto a North Star, Langar, England, July 1954.

Le personnel de l'Aviation royale du Canada charge des fournitures d'aide mutuelle pour la Turquie à bord d'un North Star, à Langar, en Angleterre, en juillet 1954.

PA-159845

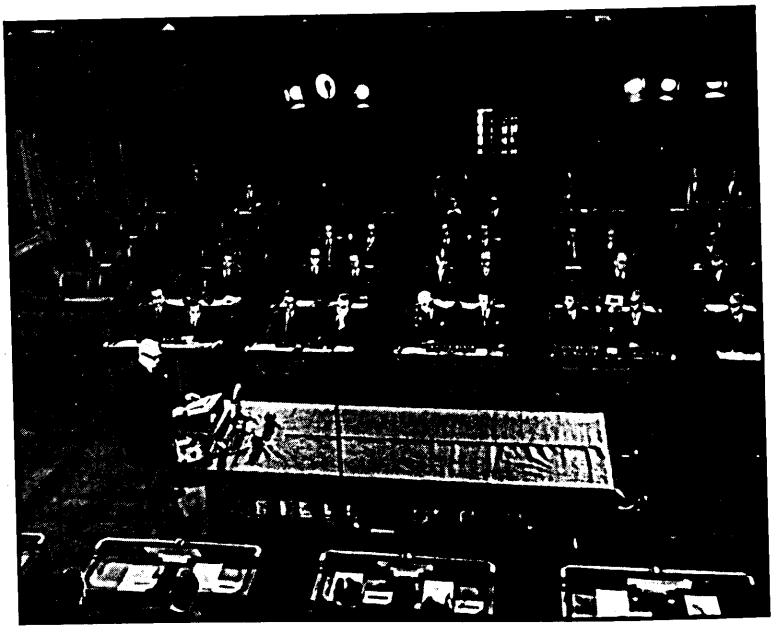
Two despatch riders from the 1st Canadian Infantry Brigade Group check their position during NATO exercise "Battle Royal."

Deux estafettes du premier Groupe-brigade d'infanterie canadienne vérifient leur position durant l'exercice de l'OTAN « Battle Royal ».

PA-200122

Officials from the Colombo Plan countries meet to draft a progress report for the Commonwealth Consultative Committee on South and South-East Asia, Ottawa, September 1954. L. to r.: R.G. (Nik) Cavell, A.E. Ritchie, K.W. Taylor and P.A. Bridle.

Représentants officiels des pays membres du Plan de Colombo réunis pour rédiger un rapport d'étape à l'intention du Comité consultatif du Commonwealth sur l'Asie du Sud et du Sud-Est à Ottawa, en septembre 1954. De gauche à droite : R.G. (Nik) Cavell, A.E. Ritchie, K.W. Taylor et P.A. Bridle.



PA-197545

Prime Minister Louis St. Laurent addresses delegates to the first session of the Commonwealth Consultative Committee on South and South-East Asia, Ottawa, October 1954.

Le premier ministre Louis St-Laurent s'adresse aux délégués à la première séance du Comité consultatif du Commonwealth sur l'Asie du Sud et du Sud-Est à Ottawa, en octobre 1954.

PA-128830

During his world tour, Prime Minister Louis St. Laurent greets members of the Royal 22nd Regiment stationed in Korea.

Le premier ministre Louis St-Laurent salue durant sa tournée mondiale des membres du Royal 22e Régiment stationnés en Corée.

Bruce Williams/VIP Photo Service

Prime Minister Louis St. Laurent in New Delhi on his world tour. L. to r.; Escott Reid, Indira Gandhi, St. Laurent, Madeleine O'Donnell (St. Laurent's daughter), Jawaharlal Nehru, Ruth Reid, Jean-Paul St. Laurent (St. Laurent's son).

Le premier ministre Louis St-Laurent à New Delhi durant sa tournée mondiale. De gauche à droite : Escott Reid, Indira Gandhi, Louis St-Laurent, Madeleine O'Donnell (fille de St-Laurent), Jawaharlal Nehru, Ruth Reid et Jean-Paul St-Laurent (fils de St-Laurent).

BruceWilliams/Chitrakar Press Photographers

At the organizational conference for the three Indochina commissions in New Delhi, August 1954. L. to r: Escott Reid, Air Commodore H.H.C. Rutledge, R.M. Macdonnell, Brigadier R.E.A. Morton, Bruce Williams.

À la conférence sur l'organisation des trois commissions sur l'Indochine à New Delhi, en août 1954. De g. à d. : Escott Reid, commodore de l'air H.H.C. Rutledge, R.M. Macdonnell, brigadier R.E.A. Morton, Bruce Williams.

PA-200370

L. to r.: A.D.P. Heeney, John Foster Dulles, Malcolm MacDonald, Washington, October 1954.

De gauche à droite : A.D.P. Heeney, John Foster Dulles et Malcolm MacDonald, à Washington, en octobre 1954.

PA-200370

United States President Dwight Eisenhower signs the St. Lawrence Seaway Bill during a White House ceremony on May 13, 1954. Standing on the immediate left of the president is A.D.P. Heeney.

Le président des États-Unis Dwight Eisenhower signe la loi sur la Voie maritime du Saint-Laurent durant une cérémonie à la Maison-Blanche le 13 mai 1954. A.D.P. Heeney est debout, immédiatement à la gauche du Président.

PA-112362

Cabinet ministers at the first meeting of the Canada-U.S. Ministerial Committee on Trade and Economic Affairs, Washington, March 1954. Seat, l. to r.: John Foster Dulles, C.D. Howe, and Douglas Abbott. Standing, l. to r.: Sherman Adams, Ezra Benson, Sinclair Weeks, and L.B. Pearson.

Ministres du Cabinet à la première réunion du Comité ministériel canado-américain sur le commerce et les affaires économiques, à Washington, en mars 1954. Assis de g. à d. : John Foster Dulles, C.D. Howe et Douglas Abbott. Debout de gauche à droite : Sherman Adams, Ezra Benson, Sinclair Weeks et L.B. Pearson.

C-19381

C.D. Howe and Brig. Gen. John M. Reynolds inspect the 10-man crew of a B-50 bomber at Biggs Air Base, Texas, November 1954.

C.D. Howe et le brigadier-général John M. Reynolds passent en revue l'équipage de dix hommes d'un bombardier B-50 à la base aérienne de Biggs, au Texas, en novembre 1954.

PA-128827

R.W. Mayhew, Ambassador to Japan, talking to Brigadier J.V. Allard of the 25th Canadian infantry Brigade, Korea, May 1954.

R.W. Mayhew, ambassadeur au Japon, en conversation avec le brigadier J.V. Allard, de la 25e Brigade d'infanterie canadienne, en Corée, en mai 1954.

CHAPITRE PREMIER/CHAPTER I
CONFLIT CORÉEN
KOREAN CONFLICT

PREMIÈRE PARTIE/PART 1
NÉGOCIATIONS EN VUE DE L'ARMISTICE
ARMISTICE NEGOTIATIONS

1.

DEA/50069-A-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-8

Washington, January 5, 1954

CONFIDENTIAL. IMPORTANT.

Repeat Permdel No. 1.

KOREA — POLITICAL CONFERENCE
STATE DEPARTMENT MEETING OF JANUARY 4

Dean and Murphy met with representatives of the sixteen powers yesterday in order to have a general exchange of views on the political conference situation. Most of the discussion centered around the possibility of resuming the preliminary talks at Panmunjom and the problem of Soviet participation. The consensus of the meeting seemed to be, on the first point, that it would be desirable to have the Panmunjom discussions resumed but it was uncertain whether it would be helpful for this to be done before or after January 22, the date for the release of prisoners. On the second point there seemed to be general agreement that, while it would be preferable to have the Soviet Union participate in, and be bound by, the decisions of the conference, this should not be made a sticking point and a conference without the Soviet Union should be considered.

2. The New Zealand Ambassador emphasized the difficulty of the United Nations side suddenly making a *volte face* in its stand on Soviet participation. He said he thought that the suggestion for a conference without the Soviet Union would have to come from the Communist side. The French Ambassador observed that the Chinese could not directly propose the deletion of the Soviet Union, but he thought they might be doing this indirectly by coupling the matter of Soviet participation with the contentious issue of attendance by neutrals. He asserted that a change of attitude by the United Nations side on Soviet participation should not be too difficult, since by the Assembly resolution Soviet attendance at the conference was pegged specifically to the desire of the other side. The idea of the Soviet Union

being requested to make a separate guarantee of the results of the conference was mentioned and supported by the British representative. Dean added as a matter of interest that, when he had had a conversation some time ago with Sohlam, the Swedish Ambassador to the U.S.S.R., who has the reputation of being an authority on Soviet affairs, the latter expressed doubt that the Soviet Union would attend the conference. He said he would expect the U.S.S.R. to watch the conference with interest and seek some bargaining advantage from it afterwards by trying to extract concession from the Western Allies as a price for adhering to its decisions. We have given Murphy an informal minute containing your views on Soviet participation as described in EX-2202 of December 30.[1]

3. As to resumption of the Panmunjom talks, there was some difference of opinion whether it would be preferable for this to be brought about before January 22 or not. The New Zealand Ambassador, speaking personally, expressed the opinion that there would be less tension in the meetings if they were resumed after the POW question had been disposed of. The British representative took the contrary view, on the grounds that if the talks were not resumed before January 22, their reestablishment would be made more difficult by action which might be taken regarding the prisoners-of-war and by consequent mounting pressure for a General Assembly meeting. He suggested also that failure to resume the talks would add complications to the forthcoming Berlin conference. The French Ambassador supported him, saying that the United Nations intentions with regard to prisoners-of-war were in any case well known to the Communist side.

4. Dean said that if the talks are resumed there must be a formal agreement as to how they ought to be renewed. It would not be wise to drift back to Panmunjom. All agreed that there should be no appearance of pleading with the Communists for resumption of the talks, but it was thought that it might be possible to give an indication to the Communists that the United Nations side is willing for the talks to be resumed if satisfactory arrangements can be made. Dean thought that soundings could be taken either through the Indians on the Military Armistice Commission or through the Swedish Ambassador in Peking, with the former method perhaps preferable as being more non-committal.

5. The unwontedly conciliatory attitude of Yang, the Korean Ambassador, was noticeable at the meeting. He made several carefully phrased and constructive interventions on the theme that the sooner a conference is held the better. State Department officials told us after the meeting in private conversation that they were uncertain whether Yang was acting on instructions from his government or for reasons of his own.

6. Dean said that the United States had not reached firm decisions on the matters which had been discussed and that he would meet with the sixteen to consider them again. We should appreciate receiving any further views which you might wish us to express.

7. Dean made a few remarks about the problem of voting procedure, which will be reported in a separate message.

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[1] Voir/See Volume 19, Document 226.

2. DEA/50069-A-40

Extrait d'un télégramme du secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Extract from Telegram from Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-44 Ottawa, January 11, 1954

CONFIDENTIAL

Reference: Your WA-8 of January 5, 1954.
Repeat London No. 20; CPDUN, New York No. 12.

KOREA — POLITICAL CONFERENCE

I am inclined to agree with the British and French representatives who at the State Department meeting of January 4 favored the resumption of the Panmunjom talks before January 22. To the two arguments advanced by the British representative for such timing, I would add these:

(a) the longer the recess, the more difficult it will be to resume the talks; and

(b) if they are resumed before the General Assembly is reconvened, it will be easier to avoid discussion there on the Political Conference.

2. I have been glad to note Dean's public expression of opinion that the negotiations would get under way again in the near future, and the comment of the State Department Press Officer not only that the possibility of resumption has been under discussion through intermediaries at Panmunjom but also that every avenue of approach towards resumption would be examined.

3. Concerning the principal point at issue in the negotiations, namely the status of Soviet participation, I continue to hold the views expressed in my EX-2202 of December 30, 1953. It is pleasing to note that similar conclusions are being reached in other quarters. I would hope that the "third party" approach as a means of enabling the Soviet Union to participate in a manner satisfactory to both sides might also provide a suitable line for coping with the problem of neutral membership. I doubt that the participation of the Soviet Union and India (and perhaps other neutrals) according to the same formula need affect in any way the quite different roles which these countries might be expected to play at the Conference.

4. As for the problem of voting procedure, your teletype WA-11 of January 5† gives reason for optimism that Dean and the State Department may succeed in reducing this question to manageable proportions. This in fact has only been a problem because the Communists were determined to make it one.

5. The State Department will probably have accumulated a good deal of comment on various subjects pertaining to resumed negotiations and presumably is now devising new strategy. This should entail a revision of the written statement of proposals which Dean tabled at Panmunjom on December 8 and which you quoted in

your WA-2810 of December 8.[2] It would be helpful if the State Department could make available to us any amendments they propose to make to these proposals sufficiently in advance of reaching a firm decision on them to give us time for study and comment.

. . .

3. DEA/50069-A-40

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

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

SECRET [Ottawa], January 12, 1954

KOREA — DISPOSITION OF PRISONERS

I attach copies of the following telegrams from our High Commissioner in New Delhi:

No. 318 of December 28, 1953
No. 4 of January 6, 1954†
No. 15 of January 11, 1954†

According to these telegrams, the Indian Government has instructed General Thimayya, Chairman of the Neutral Nations Repatriation Commission, to inform the opposing Commands in Korea that, in the event of their failing to reach a new agreement on the disposition of prisoners, India will declare on January 21 reversion of the prisoners to their status before the 120-day period of custody by the Commission began. Thereafter, the prisoners would be returned to the former detaining sides. India has requested the President of the General Assembly to reconvene the Eighth Session between January 23 and February 23, 1954. The date will presumably be February 9.

2. The prime reason for the Indian request that the Session be resumed would seem to be their desire to obtain Assembly endorsement for their actions in Korea concerning disposition of prisoners. We are somewhat apprehensive about the difficulties of supporting an Indian report to the resumed Session on this matter if that report should have only the support of the Polish and Czech members of the Repatriation Commission.

3. Teletypes of January 11, No. WA-41† from our Washington Embassy and No. 18† from our Permanent Delegation in New York, copies of which are attached, report State Department concern about the implications of Madame Pandit's request for replies on the proposal for the resumed Session to be received by January 22. The former teletype also reports the State Department opinion that more information about the Indian request is necessary and their suggestion that the U.N. members with forces in Korea should, before reaching a decision concerning the

[2] Voir/See Volume 19, Document 233.

convening of the Assembly on February 9, know what the Indians are going to ask the Assembly to do and reach a common attitude toward the request.

4. In his telegram No. 15, Mr. Reid says that Mr. Menon will be calling on him soon to discuss in more detail the action India intends to take concerning the disposition of prisoners. In these circumstances you might wish to consider for despatch the attached draft telegram to New Delhi, repeated to London, Washington and our Permanent Delegation in New York, which draft informs Mr. Reid of our concern lest the Indians explain their actions relating to prisoners in a manner likely to cause embarrassment to their friends, and of our interest in knowing why the Indians want replies by January 22 and what form of endorsement the Indians will wish to obtain from the Assembly during the reconvened Session.

J.W. H[OLMES]
for R.A. M[acKay]

4.

DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire en Inde

Secretary of State for External Affairs to High Commissioner in India

TELEGRAM 12

Ottawa, January 13, 1954

SECRET

REFERENCE:
Your telegrams No. 318 of Dec. 28, 1953 and No. 15 of Jan. 11, 1954.†
Repeat Washington EX-58; London No. 33; Permdel No. 17.

KOREA — DISPOSITION OF PRISONERS

Thank you for your helpful telegrams under reference.

2. I suppose it would be possible for India to declare on January 21 that the prisoners have reverted to their status before the 120-day period began and to hand over the prisoners in the south camp to the U.N. Command on the basis of this Indian interpretation of the relevant provisions of the Armistice Agreement while the UNC might receive them on the basis of an interpretation that they had automatically recovered their civilian status. Such move would result in the factual release of these prisoners on or shortly after January 22. On the other hand, since the Communists want custody of prisoners maintained, the Indians and/or the Repatriation Commission might be expected to have a wrangle over any attempt to return the north camp prisoners to the Communists. I am assuming, of course that the Indians will not continue to hold the prisoners after January 22 if either or both of the opposing Commands disagree with the Indian interpretation.

3. I am not clear how India can take full responsibility for decisions on disposition of prisoners unless perhaps as Executive Agent of Repatriation Commission. Since Swiss and Swedish members wish prisoners released as civilians January 22 and

Polish and Czech members want them held thereafter, it is difficult to see how India can swing a Commission majority to its view.

4. In U.N. Assembly debate concerning the reconvening of the Eighth Session, Menon stressed importance India attached to Assembly sharing responsibility for the decisions India would make relating to prisoners on January 22. Whether India will get the desired Assembly endorsement will, of course, depend on what India requests the Assembly to endorse. If the Indian decisions result in the release of the prisoners, then it should not be difficult for India's friends to express warm appreciation for the valuable services performed by India and the Commission, provided the Assembly is not asked to support a majority report such as that conveyed to the opposing Commands by General Thimayya on December 28 in which India is associated with the Polish and Czech members in the expression of certain views with which we may not agree. We may expect the Soviet and other Communist delegates to try to turn to their advantage any majority report of the Commission in which the Indians went along with the Polish and Czech members. This would increase the difficulties of India's friends approving such a report. Perhaps if instead of backing a report which assessed blame, the Indian delegation were to confine themselves to an objective statement of what had taken place and the views of the two Commands, the difficulties I foresee might be overcome, since the Assembly could then express appreciation for services rendered without reaching any conclusion concerning the merits of the two sides. This might be the easiest course of action for India to pursue if, as I expect, the turnback of prisoners to the opposing Commands will stem from a unilateral Indian decision.

5. Madame Pandit's suggestion that the Session be resumed on February 9 and her request that views of member Governments concerning resumption be communicated by January 22, with its implications concerning the prisoners, have disturbed the State Department. For your information they feel that it would be easier to reply favorably after January 22 but have also suggested that the U.N. members with troops in Korea should, before reaching a decision concerning February 9, know what the Indians are going to ask the Assembly to do, and reach a common attitude towards the request. While I am not espousing these views, it would be helpful to know why the Indians want replies by January 22 and what form of endorsement the Indians will wish to obtain from the Assembly during the reconvened Session.

6. I am not sure that the Indians will be able to complete their business in Korea concerned with the transfer of the prisoners and the preparation of a report on Commission proceedings in time to permit adequate consultation with friendly Governments before February 9 on a report which must be the meat of the reconvened Session. You might take informal soundings as to the consideration the Indians have given to this problem.

7. I hope you will find the above views helpful for your forthcoming discussion with Menon. Ends.

5.

DEA/50069-A-90

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 27

New York, January 13, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Our teletype No. 26 of January 13.†
Repeat Washington No. 16.

RECONVENING OF EIGHTH GENERAL ASSEMBLY — MEETING OF SIXTEEN

Following from George, Begins: A meeting of the 16 was called this afternoon on two hours notice in Wadsworth's office at the United States mission. Although disclaiming any desire to secure "a decision" of the group, Wadsworth was clearly under instructions to do what he could to gain the support of the 16 for some move to postpone the deadline of January 22 which Madame Pandit has set for replies to her proposal to reconvene the Assembly on February 9.

2. Wadsworth explained that the United States could not at present, or at any time before the 22nd, give an affirmative answer to Madame Pandit's request. Although he thought a negative answer might have to be given, he indicated an abstention was more likely, but the United States Government would much prefer to postpone the deadline. He was moreover strongly opposed in principle to the President's suggestion that she should count as affirmative votes those who did not reply to her proposal by January 22.

3. Almost everyone of those present, speaking for themselves and without instructions, agreed that to count non voters as affirmative voters would create an unfortunate precedent in United Nations circles, where the right to abstain is well established. The majority of representatives including the United Kingdom also supported the view that it would be difficult to reply to the President's communication by January 22 and they would prefer a postponement of the deadline. I did not comment on this point. There was however, considerable difference of opinion as to how we should proceed towards securing a postponement.

4. Wadsworth proposed that this should be done by a formal communication from the 16 to the Secretary-General on which he could base a request to the President for a postponement of the deadline on the grounds that a number of the principal delegations concerned would find themselves in difficulties unless a postponement were granted. This proposal was supported by the Greeks and Turks. The French, the Philippines and ourselves, on the other hand, suggested that any formal approach of this kind might be used to advantage by Communist propaganda particularly in Asia as indicating western reluctance to reconvene the Assembly. This, said Wadsworth, did not bother him. We managed nevertheless to get him to agree:

(a) That no attempt should be made to get the 16 to take collective formal action but that any approaches to the Secretary-General or to the Indians should be individual.

(b) That if any of us were to suggest informally and individually a postponement of the deadline we should not request an indefinite postponement (as Wadsworth had at first indicated) but a postponement no further than February 1.

(c) We should not tell the press what we had discussed beyond saying that we had held preliminary consultations concerning Madame Pandit's communication.

5. The United States, Greek and Turkish delegations will probably give the Secretary-General their views in writing tomorrow indicating their objections to silence implying consent and their preference for postponement of the deadline until February 1.

6. Hoppenot, the French representative, plans to see the Secretary-General on his return to New York tomorrow afternoon but will give him nothing in writing. One or two other delegations from among the 16 are also planning to let the Secretary-General know informally that they hope the President can be persuaded to postpone her deadline.

7. During our meeting there was general agreement that though the Indian delegation might wish for nothing more than an Assembly blessing for their stewardship in Korea, once the Assembly met it would be next to impossible to restrict debate to the question of the prisoners and that if the Indians did not raise political questions concerning Chinese representation or participation and membership of the Political Conference, the USSR would.

8. This led the Colombian representative to point out that if the resumed session were to last more than two or three weeks, it would cause difficulties for the Latin American delegations whose foreign ministers and in some cases permanent delegates were committed to attend the Conference of American States convening in Caracas on March 1.

9. Largely for this reason, a suggestion for convening the Assembly between February 15 and 20 which was put forward by the representatives of Belgium and the Netherlands was dropped and in spite of obvious United States misgivings no one else spoke against postponing the date proposed for reconvening the Assembly beyond February 9. Wadsworth however was not prepared to commit himself as to whether his government could agree to February 9 in any circumstances and it was only with considerable reluctance that he agreed to the majority view that a postponement of Madame Pandit's deadline to a fixed date (about February 1) was desirable. Because of his opposition, a Netherlands proposal to agree in principle to an Assembly meeting some time before February 22 was also dropped; but Wadsworth alone felt that the Indian argument for a meeting before the N.N.R.C. is dissolved did not hold water as the logical time for it to report was after its dissolution.

10. As regards the interpretation of the number of votes needed to reconvene the Assembly, opinions were divided. Most representatives, including the United States understood that 31 affirmative votes were required but the United Kingdom

representative, Crosthwaite, maintained that a majority of those replying would be sufficient, even if Madame Pandit did not count silence as consent.

11. In any case, from the information pooled on the attitudes of other delegations, it seems difficult to say at present whether Madame Pandit would secure 31 affirmative votes if she sticks to her present position. One or two Arabs have indicated that they were unhappy with the January 22 deadline and the representatives of the Philippines and of Thailand said the same at our meeting. The Latins will meet tomorrow afternoon to consider their attitude, but most of them would prefer a postponement of the deadline. All in all, it was considered that Madame Pandit's proposal for reconvening the Assembly on February 9 would secure general support only if she would agree to postpone the deadline for replies until February 1 and interpret silence as an abstention. Of the 16 I should think that only three or four (United States, Greece and Turkey and perhaps one other) might fail to support reconvening on February 9 in these circumstances. If it is granted that the Indians deserve an opportunity to report to the Assembly, as was agreed informally before the Assembly recessed, a date later than February 9 would probably prove very inconvenient for the Latins. If the Panmunjom talks are not resumed in the meantime, the pressure for reconvening the Assembly will of course increase. Ends.

6. DEA/50069-A-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 28 New York, January 14, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Our teletype No. 27 of January 13.
Repeat Washington No. 17.

RECONVENING OF THE EIGHTH GENERAL ASSEMBLY — UNITED KINGDOM VIEWS

The United Kingdom delegation received this morning new instructions from the Foreign Office. The United Kingdom Government are now satisfied that the Indians will in fact return the prisoners to the two commands, and on this basis the Foreign Office think that instead of waiting until after the 22nd they should reply with better grace now agreeing to Madame Pandit's proposal.

2. The Foreign Office had previously been going on nothing more official than what Menon had told their High Commissioner in New Delhi as to what the Indian Government would do about the prisoners on or before January 23. They now have received from Pillai the full text of the Indian Government's letter, extracts from which were quoted in Madame Pandit's communication to the Secretary-General of

January 10. From the full text it is clear that the Indian Government has made a firm decision

(a) that the custodial force "cannot but cease its duties on January 23", and

(b) must restore the prisoners to their respective sides.

Pillai has told the United Kingdom High Commissioner in New Delhi that all the prisoners would be restored to their respective commands by January 22, reverting to their status quo before they were placed in the custody of the Indian troops.

3. The Foreign Office have instructed the United Kingdom Embassy in Washington to inform the State Department of their documentary evidence for a firm Indian decision having been taken and their present disposition to accept Madame Pandit's proposal promptly. The United Kingdom delegation have given the same information to the French delegation here and as a result Hoppenot has called off his intended visit to the Secretary-General. The United Kingdom are hoping that Wadsworth can also be persuaded to hold off until there has been a chance for further consultations in Washington.

4. This change in the United Kingdom Government's approach will, I think, have a considerable effect on the attitude of a number of other delegations who had indicated at the meeting of the 16 yesterday their preference for a postponement of the deadline.

5. There will probably have to be a further meeting of the 16 here early next week.

7. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès des Nations Unies

Secretary of State for External Affairs
to Permanent Representative to United Nations

TELEGRAM 27 Ottawa, January 15, 1954

CONFIDENTIAL. IMPORTANT.

Repeat Washington EX-73.

RECONVENING OF THE ASSEMBLY

Following from Holmes, Begins: We have been delaying a decision on the reconvening of the Assembly until we have a reply from Delhi to the questions raised in our telegram No. 12 of January 13, which has been repeated to you. In the meantime, for your own information, the Minister thinks that we shall find ourselves morally committed to accepting the Indian request for an Assembly on February 9. In view of the fact that we had urged them not to convene the Assembly before January 22, they would have reason to be aggrieved if we did not support their calling the meeting after that date. He does not think therefore that we should involve ourselves in any collective action by the *sixteen* and would approve the negative stand taken by George in Wednesday's meeting.

2. We are of course not very happy about Mrs. Pandit's interpretation of the failure to reply by the twenty-second and hope to send you shortly our views on the technical problem of what constitutes a majority. We are not happy either about the communication from Thimayya to the U.N.C. which, according to this morning's paper, makes the point that any change in the status of prisoners after their release by the U.N.C. would be a breach of the armistice. This reply is almost certain to make the debate in the Assembly more cantankerous and make it more difficult for us to applaud and approve the Indian performance in the N.N.R.C. We hope that the nature of this reply among other things will be clarified by further word from Delhi. In the meantime we would be glad to be kept posted on the changing attitudes of other countries.

3. The following is the text of an answer given yesterday in the House of Commons by the Minister to an inquiry by Mr. Diefenbaker as to the Canadian position on this subject:

"No decision has been taken with regard to this matter, but one will naturally be taken within the next few days. Before reaching a decision we have made some inquiries of the Indian Government as to what they expect to be on the agenda at this session of the United Nations assembly that is being called, and we are also consulting with our friends with respect to this matter. We will be able to make a decision within a few days."

8.

DEA/50069-A-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 19

New Delhi, January 15, 1954

SECRET. IMMEDIATE.

Reference: Your telegram No. 12 of January 13, 1954.

KOREA — DISPOSITION OF PRISONERS

Your telegram was most helpful in the hour's talk which I had with Krishna Menon this morning at my request. He leaves tomorrow, January 16th, for London, will be in London for a week beginning January 18th and will arrive in New York on January 28th for meeting of Trusteeship Council.

2. The following summarizes his views which he insisted were personal:

(a) Date of January 22nd. This date was selected because it is ten days after the sending out of notice and because it would give member states about a fortnight to get their representatives to New York following their receipt of call which would presumably be sent out January 23rd and January 24th. There was nothing "Machiavellian" in the selection of this call and there is no, repeat no, "sanctity" about date.

(b) In no, repeat no, circumstances, unless the two Commands agree, would India continue to hold prisoners after January 22nd or continue the life of the Commission beyond its prescribed date.

(c) The northern Command may well not, repeat not, accept the return of their prisoners who have been well behaved and who, Menon seems to assume, will walk north once they have the opportunity.

(d) The reason it was necessary for Thimayya to inform the Commands that in India's view it was not, repeat not, proper for the Commands to release prisoners after receiving them from India is that India has the duty so long as it is Chairman to interpret the Agreement and India is turning the prisoners over to the United Nations Command, knowing that the United States intention is to release them.

(e) India considers it has done everything it possibly can to accommodate the wishes of the United Nations Command as far as possible without India itself declaring the release of prisoners to civilian status.

(f) So far as conflicting views expressed in report of December 28th, India has no, repeat no, desire to create difficulty in the Assembly. Moreover, the Assembly is not, repeat not, a judicial body and has no, repeat no, direct knowledge of the facts.

(g) In addition to interim report of December 28th, there will have to be a final report of the Commission.

(h) As Chairman, India will also have to make an explanation to the Assembly of its actions.

3. I failed to elicit from Menon any clear indication of what the Indians are going to ask the Assembly to do and I am almost certain that they have not, repeat not, made up their minds. He fears that, as on at least two occasions in the past, India will be asked not, repeat not, to present a resolution which will make the task of its friends more difficult and will then be faced, without notice, by a resolution drafted by the United States and approved by 16 countries with forces in Korea. You might wish to ask Norman Robertson to discuss the matter with him in London. My tentative feeling is that the best chance of minimizing an acrimonious debate in the Assembly might be to sound out the Americans immediately with regard to whether they would be prepared to accept a resolution which would do little more than "express warm appreciation for the valuable services performed by India and the Commission" (Paragraph 4 of your telegram). If the Americans were prepared to accept this, Menon might be sounded out, preferably before he leaves London, and he might agree to recommend this to the Indian Government.

4. *Political Conference.* Menon, while convinced of Dean's sincerity when he went to Korea, is inclined to believe that the United States strung out discussions at Panmunjom until after the Assembly recessed in order to be able to argue that the Assembly should not, repeat not, discuss the Political Conference. He is suspicious that they will resume discussions at Panmunjom and carry them on through the reconvened meeting of the Assembly for the same purpose. He thinks that the only way of reaching an agreement on holding of the Political Conference is through mediation with India. The Assembly might be asked to request India to assist the two parties in reaching an agreement or alternatively, the Assembly might pass a resolution setting forth certain principles on which the conference would be held

though not, repeat not, being specific about membership and requesting India to use this resolution as a basis of discussion with the Chinese. He does not, repeat not, think a political conference would reach agreement but he believes as long as it is meeting the possibility of war would be reduced. Moreover, it could take over responsibility from Military Armistice Commission and could set up machinery to keep the peace pending a formal peace settlement.

5. Menon as you know is becoming more and more pessimistic about the possibility of the Allies of the United States such as the United Kingdom and Canada exercising their independence of judgment on matters in which the United States takes a firm line. He instanced as an example of this what he understands has been the inactivity of the United Kingdom, Australia, New Zealand and Canada on questions of United States military aid to Pakistan.[3]

9.

DEA/50069-A-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 37

New York, January 18, 1954

CONFIDENTIAL. IMPORTANT.

Reference: My telegrams Nos. 35† and 36† of January 18.
Repeat Washington No. 25.

RECONVENING OF GENERAL ASSEMBLY

1. I saw Mr. Hammarskjold this morning and discussed with him the Indian request for the reconvening of the Eighth General Assembly.

2. As a result of consultations with a number of delegations, Mr. Hammarskjold said that he had on January 15 cabled Mme. Pandit making two points. He had first recommended that she extend the deadline of January 22 by one week. Secondly, he reported to her the concern of many delegations (which he told Mme. Pandit he shared) that silence should be interpreted as implying concurrence, and suggested to Mme. Pandit that she might wish to reconsider her position on this point. Mme. Pandit replied that she accepted the delay of one week. Mme. Pandit said she did not think that the second point was now of much importance because of the delay of one week. Though she did not abandon her position, she gave the Secretary-General discretion to decide whether failure to reply constituted concurrence. The Secretary-General, exercising the discretion given to him, notified members as reported in our teletype No. 36 that members not replying will *not* be regarded as concurring. Mr. Hammarskjold said that he considers that 31 member states must positively indicate concurrence before the General Assembly is reconvened.

[3] Voir/See Document 434.

3. The Secretary-General said that only the following countries had formally agreed to the President's request: The Soviet Bloc (which urged an earlier date than February 9), Iraq and Liberia. De la Colina of Mexico told the Secretary-General that he thought that the Latin American Bloc would, generally speaking, follow Washington's line on the main issue, namely whether or not the General Assembly should be reconvened. De la Colina had also said that if the Assembly is to be reconvened, the date should be about February 9 or well after March 1 in order not to conflict with the Pan-American Conference scheduled for early March in Caracas.

4. As regards the general question of whether or not the General Assembly should be reconvened, Mr. Hammarskjold's views were along these lines. He had considered all along that if the Indian Government wished "absolution from the General Assembly" for the role they had played as Chairman of the Repatriation Commission, they were entitled to receive it. Mr. Hammarskjold had envisaged a short, formal meeting of the General Assembly to approve the arrangements made by the Indians for the disposal of prisoners of war and to express appreciation for the thankless role which they had undertaken. Mr. Hammarskjold regretted recent developments. He thought that Mme. Pandit had unnecessarily irritated some members by the terms of her letter requesting concurrence in the reconvening of the General Assembly and alarmed others by her statement reported in today's *Times* to the effect that the problem of Korea was a desperate one that had to be reviewed by the General Assembly in the context of new developments. (Mr. Hammarskjold does not relish the prospect of a general debate on Korean matters in the General Assembly and, in an effort to avoid it, he urges Mr. Arthur Dean to return to Korea as soon as he possibly can in order to get the talks resumed at Panmunjom.)

5. Mr. Hammarskjold also deplored the statement in General Thimayya's letter to the effect that the release to civilian status of the prisoners of war by the United Nations Command would be a violation of the armistice agreement unless (a) the other side agreed, or (b) there had been a political conference.[4] Mr. Hammarskjold realized that this interpretation, which he, like you, considers was gratuitous advice on the part of General Thimayya, will provoke an embarrassing and bitter debate in the Assembly. Notwithstanding the unfortunate recent developments, Mr. Hammarskjold considers that on balance it would be in the interests of the United Nations for members to agree to the reconvening of the General Assembly.

6. I asked Mr. Hammarskjold if the Legal Department of the Secretariat had given a legal interpretation of the armistice agreement on the point made by General Thimayya. He said they had not and he doubted if he would ask them to do so because the question was so charged with political considerations. Mr. Hammarskjold pointed out that there were at least four interpretations:

(a) The Indian interpretation as given by General Thimayya;

(b) The Swedish interpretation to the effect that the Repatriation Commission should itself release the prisoners of war to civilian status and leave them free to go wherever they like;

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[4] Voir *New York Times*, le 15 janvier 1954./See *New York Times*, January 15, 1954.

(c) The Swiss interpretation which would have blurred the issue by simply providing that the Repatriation Commission should permit the prisoners of war to go where they liked on January 22; and

(d) The United States interpretation.

Mr. Hammarskjold said that in discussing the matter with his associates in the Secretariat, he had reached the conclusion that what he called the Swiss interpretation was perhaps the best way out. Mr. Hammarskjold thinks that General Thimayya personally agreed with the Swiss view, but under instructions from New Delhi had given a new interpretation which Mr. Hammarskjold had never heard of before reading General Thimayya's letter of January 14.

7. I told Mr. Hammarskjold that I was not yet in a position to give our reply to the President's request for concurrence in the reconvening of the General Assembly. I added that before the publication of General Thimayya's letter of January 14 you had been inclined to agree with the Indian request, but that now you were not sure that the advantages of holding a General Assembly might not be outweighed by the disadvantages. You were reconsidering the matter and we would, I said, let him have our views in due course.

10.

DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire en Inde

Secretary of State for External Affairs to High Commissioner in India

TELEGRAM 27

Ottawa, January 20, 1954

SECRET. IMPORTANT.

Repeat Permdel No. 36; Washington EX-96; London No. 65.

KOREA — RECONVENING OF GENERAL ASSEMBLY

As you know we have all along recognized and respected the Indian desire to make a report to the General Assembly on its handling of the non-repatriate prisoners of war. We expected that that report would be one which would have the support of the majority of members of the United Nations. We had understood that the Indians wished the Assembly to share the responsibility for taking a decision to release the prisoners of war to civilian status on January 23 against the views of the Communists.

2. India has come to conclusions about the interpretation of the Armistice Agreement regarding the right of the non-repatriate P.O.W.'s to be released to civilian status on January 23 which differ from those which we anticipated in approving the idea of reconvening the General Assembly.

3. We believe that this Indian interpretation will not be accepted by the great majority of the United Nations members. It certainly is not accepted by us as it would make meaningless the United Nations resolution dealing with this problem

and which, as Menon must know, was accepted by the Americans only on the distinct and explicit understanding that there would be a cut-off date for prisoners of war.

4. The statement in General Thimayya's letter of January 14 to the U.N. Command that he will regard any unilateral action on the part of either Command to release the prisoners of war to civilian status on January 23 as not in conformity with the Armistice Agreement appears unnecessary. We can understand the Indians wanting to make some sort of statement to make clear the basis on which they were releasing the prisoners to the custody of the Commands but it seems to us unfortunate that they should have projected their judgment on anticipated actions of the U.N. Command. The manner in which they have done this combined with their request for a reconvening of the Assembly opens up the prospect of an angry public postmortem on the disposition of prisoners. Such a meeting could widen the unhappy breach between the Americans and the Indians and prove particularly embarrassing to members of the Commonwealth.

5. We are informed that the U.N. Command will make a report on the P.O.W. situation and we think that the Indians should know that we will support the U.N.C. action in releasing the P.O.W.'s to civilian status on January 23 as entirely consistent with the U.N. General Assembly Resolution on this subject.

6. We don't know whether the Indians will seek to justify, in detail, before the General Assembly their handling of P.O.W's although we are told that the Indian Government's letter to Madame Pandit suggests this possibility and we would be glad to have further information on this subject. The publication of the U.N.C. report may further strengthen the Indian intention to make a full explanation of their position. We anticipate that the Soviet, Polish and Czech delegates will seek to exploit the Indian views to the limit.

7. In these circumstances we anticipate a difficult session, if one is convened, in which many of India's friends will be bound to state publicly that they disagree with India's interpretation of the Armistice Agreement regarding release of P.O.W's. They will also be bound to support the U.N.C. position in releasing the P.O.W's. While we will do our best to ensure that the Assembly recognizes the services rendered by India in this difficult undertaking we are depressed by the prospect of these public differences with India at this time and are beginning to wonder whether the convening of the resumed session now will do more harm than good.

8. The prisoner of war question held up the conclusion of an armistice for 18 months. It was our clear understanding that the formula worked out in the General Assembly in December, 1952 on Indian initiative and later incorporated in the Armistice Agreement, provided for the automatic release of prisoners after a certain fixed period. We consider that this P.O.W. question must be got out of the way in a practical manner before progress can be made toward a political settlement. We would have thought that the Indians in their desire to facilitate and play a helpful part in the political conference would have been more conscious of this aspect. While the Indians may have been dissatisfied with some of the conditions under which the N.N.R.C. was expected to perform its functions we are surprised that

they should, in the light of all the circumstances, wish to make a public issue of this matter and thus, as it seems to us, make it more difficult to get on with tackling the political problems of the Korean settlement. If Menon's views about an increased mediating role for India in the political settlement conveyed in your telegram No. 19 of January 15 are shared by the Government of India, surely they should realize that in pressing publicly these differences over handling the prisoners of war they are bound to make it much more difficult to secure approval from the ROK Government and broad sections of United States opinion for Indian participation in the Political Conference.

9. I should be grateful if you would convey the above intimation of preliminary Canadian views to the Indian authorities and let me have a report by telegram.

10. For your own information I am inclined to think that if the Indians persist in wishing for a meeting of the Assembly, in spite of the differences that will be made public there, an argument can be made that we should agree to the request because the denial of a hearing would be adversely exploited by Communist propagandists in Asia. They have, however, in recent statements from General Thimayya and in New Delhi made such agreement more difficult. I would be glad to have your comment.

11.

DEA/50069-A-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 50

New York, January 21, 1954

CONFIDENTIAL. IMPORTANT.

Repeat Washington No. 33.

KOREA — RECONVENING OF GENERAL ASSEMBLY

1. Cook of the United States delegation, on instructions, telephoned me this morning to give the considered United States views on the Indian request for the reconvening of the General Assembly.

2. The United States Government sees no point, Cook said, in reconvening the General Assembly at the present time. Hence, the United States, having by letter dated January 15 already replied to the President's communication, do not intend to send any further communication.

3. The United States has considered the two main reasons why the Indian Government wish the Assembly to reconvene (namely the reports of the NNRC and the deadlock in arranging for the political conference) and have come to the conclusion that on neither ground is the reconvening of the General Assembly justified.

4. As regards the NNRC, whatever the conflicting views about the disposition of the prisoners of war may be, the fact of the matter is, Cook said, that the prisoners

have now been released by the Indians and will in a day or two be declared civilians by the United Nations Command. Thus the problem has been solved. Any debate on the activities of the NNRC in the General Assembly would be academic, fruitless and give rise to bitter recriminations.

5. As regards the political conference, the United States view is that the differences between the two sides are more likely to be worked out in meetings between them than "if the General Assembly gets into the act itself". If the Communists considered that the General Assembly was about to reconvene, they would obviously refrain from negotiations in the hope, Cook said, of throwing the whole issue back into the Assembly where India would no doubt come up with proposals which might result in splitting the 16 "which we want to avoid at all costs". A General Assembly session would also create difficulties with regard to representation of Chinese Communists and North Koreans.

6. For all these reasons the United States is not now prepared to agree to the resumption of the General Assembly or to set any date for resumption.

7. Cook referred to press reports yesterday that Mme. Pandit had said it was necessary for the General Assembly to decide the fate of the prisoners of war who wished to go to neutral countries. Cook pointed out that under the armistice agreement the NNRC and the Indian Red Cross are the authorities charged with assisting those who wish to go to neutral countries.

8. Cook said that the United States would be most grateful to receive the views of the Canadian Government.

12. DEA/50069-A-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-125 Washington, January 22, 1954

SECRET

Reference: EX-115 of January 21.
Repeat Permdel No. 20.

KOREA — RECONVENING OF GENERAL ASSEMBLY

This afternoon we conveyed your views on reconvening the Assembly (as given in EX-96) to Ward Allen of the State Department, who received them with gratification. Allen expounded the present U.S. attitude along the lines given by Cook of the United States delegation to our delegation in New York (ref-message 50 from Permdel). Allen said that the United States would not now be prepared to agree either that the Assembly should be resumed or that a date should be set for resumption. He added that the State Department believe that all should keep an open mind on the question and avoid making any commitment until there is a clear prospect

that concrete improvement in the Korean situation through General Assembly action seems likely. He said he understood that the matter was likely to be discussed by the Foreign Ministers in Berlin.

13.

DEA/50069-A-40

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

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

TELEGRAM 83

London, January 23, 1954

SECRET. IMPORTANT.

Reference: Your telegram No. 65 of January 20.

KOREA — RECONVENING OF GENERAL ASSEMBLY

1. [Charles] Ritchie and I saw Krishna Menon this morning. I showed him your telegram under reference. He observed that this was a politer and less reproachful message than those which were pouring in on them from the Chinese. He then proceeded to justify in detail everything that General Thimayya had done and said. It was altogether a pretty unprofitable half hour. He had to leave to catch Selwyn Lloyd at the station, whence Lloyd was leaving for his constituency, but is coming back to see me this afternoon when time will be no object.

2. We were both disturbed by his readiness to put the worst construction on everything the Americans had done or left undone, and really worried about how things may go in an Assembly at which he was leading the Indian delegation.

3. I did not get the impression that the Indians had any second thoughts about the desirability of summoning the Assembly. He thought it quite possible that there would be no meeting of the Assembly, but if so this would be the result of an adverse American decision supported by their thirty-one faithful voters.

4. The practical pragmatic argument against an Assembly was very well put in your message to New Delhi and your fears, I think, are confirmed by our conversation with Menon. Nevertheless, I myself am inclined to think on balance that the least objectionable course would be, for the reasons which are pretty well stated in the United Kingdom telegram to Washington which has been repeated to you through Earnscliffe (Y. No. 21 of January 22),† to try to persuade the Americans to agree to summoning the Assembly for February 16.

5. Selwyn Lloyd, whom I saw yesterday, thought your message to New Delhi a very constructive and helpful one. He was anxious to learn what the Indian response to it had been, but said that the Foreign Secretary and himself still held strongly to the judgment which they had put up to Washington before knowing of your approach to New Delhi.

6. Butterworth, who is in charge of the American Embassy here told me that Lloyd had spoken to him in the sense of the telegram to Washington, in the hope

that the State Department, in transmitting the British message to Dulles in Berlin, would recommend support for these conclusions.

DEA/50069-A-40

14.

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 41 New Delhi, January 24, 1954

SECRET. IMMEDIATE.

Reference: Your telegram No. 27 of January 21st.

KOREA — RECONVENING OF GENERAL ASSEMBLY

Your telegram received January 22nd. I saw Secretary-General at noon January 23rd and conveyed recent Canadian views to him orally. He will transmit them to the Prime Minister when he returns to Delhi on Monday January 25th.

2. The following summarizes the views expressed by the Secretary-General:

(a) Explanation of Indian action in interpreting armistice agreement in Thimayya's letter. That section of the letter had been drafted in a hurry in New Delhi. Moreover, apparently Chinese had, in substance, accused the Indians of acting in collusion with the United Nations Command in transferring prisoners and it was considered necessary to go some way to rebut this charge. Indian interpretation reflects in large measure the views which the Prime Minister has consistently taken in public recently (see for example my despatch No. 1273 of December 30th, 1953).

(b) In spite of the kind considerations set forth in your telegram it is almost certain the Prime Minister would not, repeat not, agree to withdraw Indian request for a reconvening of the General Assembly.

(c) On the basis of latest information which he has received, the Secretary-General assumes the meeting will be held on 9th February or possibly 16th February.

(d) It is impossible to say now what line Menon will take in the Assembly, but Menon's own inclination may well be to give a detailed justification of what India has done.

3. During course of discussions, Pillai expressed, in greatest confidence, the following personal views. The only person who could exercise effective control over Menon would be the Prime Minister of India himself. Therefore once it becomes clear that a meeting of the Assembly is to take place you might wish to instruct me to see the Prime Minister and to put before him your views on steps which Indian representative at General Assembly might usefully take to reduce to a minimum the kind of unfortunate and even dangerous consequences of a debate in the Assembly which you suggest in your telegram might occur. The Prime Minister has a very

high respect for your judgment and my conversation with him might result in a firm telegram from him to Menon.

4. Reference para 10 of your telegram. I am inclined to believe that if, as is highly probable, Indians will not, repeat not, withdraw their request for a meeting of the Assembly, the lesser evil might be to agree to their request. I assume you would, in any event, not repeat not, wish to adopt a more unyielding position on this than such country as the United Kingdom.

15.

DEA/50069-A-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-142

Ottawa, January 26, 1954

SECRET. IMMEDIATE.

Reference: Your WA-125 of January 22.
Repeat Permdel No. 52; London No. 100.

KOREA — RECONVENING GENERAL ASSEMBLY

I think we should indicate to the State Department that the Canadian Government is now disposed to agree to an early meeting of the General Assembly. We still have doubts as to what would be accomplished during an Assembly but there are other considerations which have led us to this conclusion — in addition to the consideration contained in telegram 349 of January 21† from the Foreign Office.

2. Reconvening the Session would provide an opportunity for the Assembly to endorse the U.N.C. release of prisoners. Such endorsement would exert a useful influence on public opinion in Asia. On the other hand, the use of the voting strength of Latin American States to prevent reconvening and hence to deny the Indians a hearing, might be misinterpreted in the African and Asian world, and add unnecessarily to the sense of frustration which perhaps arose at the reconvened Seventh Session through the debate on Indian participation in the Political Conference.

3. More important for us is the fact that Canada was one of the countries which urged India to take over the chairmanship of the N.N.R.C. Also, in working for a compromise between the U.S. and Indian view last autumn, Canada, like the U.K., incurred a certain obligation not to stand in the way of the Indians reporting to the Assembly early in the New Year on their conduct of N.N.R.C. duties. The Indians now want a hearing and we feel that we must give it to them, even though we could have wished that they had postponed their request for a few weeks.

4. The report of the N.N.R.C. will probably contain material both pleasing and displeasing to the Communists. However, in their handling of the prisoner problem they did enable the U.N.C. to release the prisoners. In Assembly debate it should be

possible for delegates of the 16 to emphasize those aspects of the conduct of the N.N.R.C. and the Indians which have been consistent with U.N.C. views. Those aspects of such conduct which have been inconsistent with these views need not prevent these delegates from supporting a resolution expressing appreciation for services performed by the Commission and India. A resolution of this nature may be acceptable to India.

5. Concerning possible Assembly discussion of the Geneva Conference on Korea, we do not attach too much importance to the dangers of possible Indian intervention. The only type of resolution which might commend itself to the Assembly would be a harmless one calling on both sides to get on with the conference.

6. While we think February 9 would be satisfactory as a date, we are willing to accept the United Kingdom proposal for February 16 if that is agreeable to India.

7. Please let the State Department know our views as outlined above.

8. We propose to request our Permanent Delegate in New York to inform other members of the group of 16 of these views.

(Communications: The following to be repeated to London only.)

9. Please let the appropriate U.K. authorities know how our thinking on this subject now stands.

16. DEA/50069-A-40

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

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

SECRET [Ottawa], January 27, 1954

KOREA — RECONVENING OF GENERAL ASSEMBLY

A. *Situation at Present*

1. After you had decided that Canada should concur in the Indian proposal that the Assembly be reconvened, Mr. Johnson received a report through the British that, according to the private speculations of Secretary-General Pillai, Mr. Nehru and Madame Pandit as a result of warnings of difficulties foreseen by friendly governments, including Canada, might "reconcile themselves to doing without an Assembly meeting altogether". Also, the State Department, when informed of our views, asked if we would delay the implementation of our decision for a day or two until the three Western Foreign Ministers had concluded discussions they were having on this subject in Berlin. On January 27 we informed Mr. Reid in New Delhi that for these reasons, we were delaying our concurrence in the Indian request but that we intended to go ahead with it on Thursday, January 28, if there was no new development on the Indian side.

2. I attach a copy of telegram No. 47 of January 27† from New Delhi in which Mr. Reid reports that according to information supplied to him on January 26 by

Secretary-General Pillai, Mr. Nehru was not withdrawing the Indian request for the reconvening of the Assembly. However, Mr. Pillai's impression was that the Indian authorities were getting reconciled to the fact that the Assembly would not be meeting at this time. This information from Mr. Reid throws a rather different light on the report we received through the British, which had not indicated that Mr. Nehru would *not* withdraw the Indian request.

3. I also attach a copy of teletype No. 103 of January 27† from our High Commissioner in London, which explains that as a result of consultations between Mr. Dulles and Mr. Eden in Berlin, the United Kingdom has reached a firm decision to reply formally on January 28 that it does not consider it desirable for the Assembly to meet on February 9 because of "current developments".

B. *Evaluation of Reasons Given by the British for Their Decision*

4. The Western Foreign Ministers have indicated their opposition to any discussion in Berlin of Far Eastern problems. Their opposition might be more defensible if they could refer to the Korean problem as one with which the United Nations has long been seized — witness the Indian desire to report to the General Assembly on their activities with regard to unrepatriable prisoners of war.

5. Prospects for agreement being reached on a Five-Power Conference seem very slim. Nevertheless, as reported in London teletype No. 107 of January 27, a copy of which is attached, the main reason given by Mr. Lloyd for the British having reached their new position is their decision to support the idea of a Five-Power Conference with its agenda confined to Far Eastern questions, of which Korea would be the first item to be discussed. They have no commitment from the United States in support of a Five-Power Conference but, while they are exploring the implications and possibilities of this altered approach, they think it premature for the Assembly to convene.

6. You will recall exploring the possibility of a similar conference being convened concerning Korea on the understanding that the initiative should come from the lesser members of the group of 16, who would waive their rights to attend the conference under the relevant Assembly resolution. The new British attitude entails taking the Korean issue out of its United Nations context to which Canada has consistently attached importance; the abandonment of a Geneva Conference on Korea in the form envisaged by the General Assembly; and the shelving of India as a possible member of that Conference. It would seem that the implications and possibilities of the altered British approach will require much time to explore. Therefore, it is difficult to see that an Assembly, reconvening on February 9 and probably lasting no more than two weeks, could seriously complicate the self-assigned task of the United Kingdom. The British had decided not to oppose the Indian proposal but this was before Mr. Eden had talked with Mr. Dulles. Undoubtedly the Cabinet decision concerning the Five-Power Conference was also in the making before the two Foreign Ministers consulted. Possibly it stemmed from a desire to find a formula which would assist France to be extricated from its difficulties in Indochina. It is, therefore, difficult to escape the conclusion that the role of Mr. Dulles in the British *volte face* was large. In this connection you might wish to look back at CRO telegram Y No. 21 of January 22 a copy of which is attached, in

which British moral arguments for not opposing an early meeting of the Assembly are outlined.

7. It is also interesting to note that the State Department reaction to the Canadian disposition to accept the Indian proposal as reported in Washington teletype WA-162 of January 27, a copy of which is attached, covers no new ground. It was a State Department representative who suggested to Mr. Johnson that some agreement in the matter of reconvening might be reached as a result of consultations among Messrs. Dulles, Eden and Bidault in Berlin.

C. *Conclusions*

8. The British reversal of decision will probably result in the Indians not getting the necessary majority for their proposal. The question then arises as to whether your decision concerning the reconvened Session should now be implemented. We think it should because, having warned the Indians of the difficulties which might be expected to confront them in a reconvened session, we still have some obligation to do our part towards giving them a hearing; because the impact on Indian and Asian opinion would be good; and because the arguments advanced by both the U.K. and the U.S. in favour of a contrary course do not, in our opinion, stand up.

9. If you agree, you might wish to consider the despatch of the attached draft teletype† to our Permanent Representative in New York (repeated to London, New Delhi and Washington) requesting him to inform the U.N. Secretary-General on Thursday, January 28, that we agree with the proposal made by the President concerning reconvening of the Assembly.

R.A. M[ACKAY]

[PIÈCE JOINTE 1/ENCLOSURE 1]

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

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

TELEGRAM 107 London, January 27, 1954

SECRET. MOST IMMEDIATE.

Reference: Our telegram No. 103 of January 27.

KOREA — RECONVENING OF GENERAL ASSEMBLY

1. Selwyn Lloyd has asked me to convey to you at once his gloss on the United Kingdom's right-about-face on the question of calling a General Assembly, which amplifies and explains their reasons for the reversal of position reported in our telegram under reference. The Foreign Secretary has been authorized by the Cabinet to support the idea of a Five-Power conference with its agenda confined to Far Eastern questions, of which Korea would be the first item to be discussed. While they are exploring the implications and possibilities of this altered approach, the United Kingdom concluded that it would be premature to have the Assembly

reconvened on February 9 to discuss Korean questions. I asked Lloyd if they had secured any commitment from the Americans that they would entertain the idea of a Five-Power Far Eastern conference in return for the United Kingdom abandoning its argument for an early meeting of the Assembly. He said he did not think they had attempted to do so.

2. He insisted that this new political consideration had determined the United Kingdom's position on the expediency of reconvening the Assembly, and that for his part he did not attach comparable importance to the other points mentioned in the Foreign Office explanation reported in our telegram under reference.

[PIÈCE JOINTE 2/ENCLOSURE 2]

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-162 Washington, January 27, 1954

SECRET. IMMEDIATE.

Repeat Permdel No. 30; London No. 11.

KOREA — RECONVENING OF THE GENERAL ASSEMBLY

(State Department Meeting of January 27).

It was agreed at the meeting that Dean should reply to the recent Communist letter about resumption of the Panmunjom talks by making clear his willingness to renew discussions and making the assumption that satisfactory arrangement for the clearing of the record was implicit in the Communist letter.

2. There was general support for the United States argument against an Assembly in the near future. We summarized the present Canadian view as given in EX-142 of January 26. We were alone in voicing these views and the Americans expressed some regret at the inability of the sixteen to reach unanimity on this point.

3. Dean threw out the suggestion, without pressing it, that perhaps the Canadian Government would consider the delaying of a formal answer on the meeting of the Assembly pending Communist reaction to Dean's proposed reply. We made no comment on this suggestion. It was recognized, however, that receipt of the Communist response by the deadline of January 29 was improbable.

4. We are sending a full report of the meeting by teletype tomorrow morning.

17. DEA/50069-A-40

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

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

SECRET [Ottawa], January 29, 1954

KOREA — RECONVENING THE GENERAL ASSEMBLY

Since we discussed this subject this morning, there have been three new developments which you may wish to consider.

(1) Telegram No. 56 of January 29† from New Delhi confirms our previous impression that Mr. Nehru would not be unduly disappointed if the Assembly is not reconvened;

(2) Mr. Menon, whom Mr. Johnson encountered last evening, expressed bitter views about our attitude and implied that the Indians would be very unhappily affected by the vote against them.

(3) The Swedes have decided to concur in the holding of the Assembly.

The difference between Menon's and Pillai's interpretation of the Indian attitude is probably due to a large extent to differences in their outlooks and temperaments. It is possible, however, that we may have read Mr. Reid's telegrams out of context. The last word he had from us indicated that we would concur in reconvening unless we had an indication that the Indians were changing their position. It is possible that, in his telegrams reporting Pillai's and Mr. Nehru's attitude, he has assumed that our decision to concur has been taken. There might well be a difference between the Indians reconciling themselves to a total negative vote which appears inevitable and their accepting with equanimity a Canadian vote in the negative.

J.W. H[OLMES]
for R.A. M[acKay]

18. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire en Inde

Secretary of State for External Affairs to High Commissioner in India

TELEGRAM 45 New Delhi, January 29, 1954

CONFIDENTIAL. IMPORTANT.

Repeat Washington EX-179; London No. 131; Permdel No. 72.
Please deliver following message to Mr. Nehru from Mr. St-Laurent:

Quote. I am anxious that you should understand fully why we have today after very serious consideration and with much reluctance informed the Secretary-

General that we thought a session of the United Nations General Assembly would not be advisable at this time but might be considered at a later date.

2. We have been most anxious to meet your wishes in this matter because we sympathize entirely with your desire to report to the Assembly on the discharge of the difficult and thankless responsibilities which Indians have fulfilled so ably in the Neutral Nations Repatriation Commission and in the Custodial Force. Your willingness, furthermore, to forego a reconvening of the Assembly early in January when we were discussing this matter before the Assembly completed its sessions in December has also, I recognize, placed an obligation upon us to accept your request for a date after January 22. We should have had no hesitation in accepting your request if it had not been for our growing fear that, for many reasons of which you are aware, a meeting of the Assembly at this time might serve to aggravate differences and to complicate the process of negotiations at Panmunjom rather than to promote harmonious solutions. It was for this reason that I asked our High Commissioner in New Delhi to explain to you frankly our doubts on this subject.

3. In the last few days there have been proposals at the Berlin Conference for discussions on Asian subjects, which may or may not prove acceptable, but which we think had perhaps better be explored before an Assembly session is reconvened. There have, as you know, also been indications that the discussions at Panmunjom might be resumed. It is true that none of these general matters need be discussed in the Assembly, which could have been limited to a discussion of the work of the Neutral Nations Repatriation Commission, but we have been very doubtful and I think you yourself have recognized that a limited agenda of this kind would be very difficult to maintain.

4. It was with these many considerations in mind and in the belief that you would not misunderstand our motives that we have finally given our reply to the Secretary-General. I am very much looking forward to an opportunity during my forthcoming visit to India to talk with you further on this subject. *Unquote.*

5. For your own information we were prepared to concur in the Indian request for an Assembly if the Indians had pushed us harder. Your recent messages, however, and those received by the British indicating that the Indians themselves were not as strongly attached to the holding of an Assembly as we had previously believed, determined our final stand. Ends.

2e PARTIE/PART 2

LA CONFÉRENCE À GENÈVE SUR LA CORÉE, 26 AVRIL - 15 JUIN 1954
GENEVA CONFERENCE ON KOREA, APRIL 26 - JUNE 15, 1954

DEA/8508-40

19.

Extrait du procès-verbal de la réunion hebdomadaire des directions

Extract from Weekly Divisional Notes

SECRET

Ottawa, February 22, 1954

. . .

THE UNITED NATIONS

1. KOREA — POLITICAL CONFERENCE

Far Eastern Division: On February 18 at the conclusion of their meetings in Berlin, the Foreign Ministers of the United States, France, the United Kingdom and the Soviet Union announced in a communiqué that they had agreed that a conference of representatives of the Big Four, the Peking regime, the two Koreas and the other countries the armed forces of which participated in the Korean conflict and which desired to attend should meet in Geneva on April 26 to reach a peaceful settlement of the Korean question. They also agreed that the conference should discuss the problem of Indo-China, on which occasion in addition to representatives of the Big Four and of the Peking regime, other interested states would be invited.

On February 19 representatives of the 16 United Nations Governments concerned in Korea and of the Republic of Korea met in Washington to discuss this Berlin agreement. They raised no objection to the State Department view that in the present circumstances no action should be taken to reply to the Communist letter of January 26 demanding the return to Panmunjom of U.S. Emissary Dean to resume the talks preliminary to the Political Conference.

At the Washington meeting Mr. Dean said that the Berlin agreement constituted to a considerable degree acceptance of the major U.N. aims at Panmunjom. He pointed out that under the agreement the Soviet Union would be a full participant in the Conference and thus obligated by its decisions. Moreover, the form of Soviet attendance meant that the difficult question of the participation and designation of neutrals would not now arise.

Concerning procedures for the Conference, Mr. Murphy of the State Department said that this would require consultation at a later time. Mr. Dean said that Mr. Eden had expressed the opinion in Berlin that there would be no need for further preliminary talks with the Communists and that the Conference itself should deal with procedural matters. Our Ambassador in Washington, speaking personally, expressed the view that questions of facilities and expense were of secondary importance at this time and that the principal cause for satisfaction about the Berlin agreement was that it was within the framework of U.N. decisions.

Mr. Scott has reported from Seoul that, according to the U.S. Ambassador there, President Rhee, while disappointed at the Berlin agreement, will probably not boycott the Conference.

. . .

20.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], February 25, 1954

. . .

GENEVA CONFERENCE; CANADIAN PARTICIPATION

42. *The Secretary of State for External Affairs* reported that an invitation had been received for Canadian participation in the conference in Geneva on April 26th, being arranged by the United States, the United Kingdom, the U.S.S.R. and France, and to include the Chinese People's Republic. It seemed desirable that the smaller powers should not participate in the conference until towards its conclusion, but, if other middle powers were determined to participate, probably Canada would be obliged to do so.

43. *The Cabinet* noted the report of the Secretary of State for External Affairs, and agreed that Canadian participation in the Geneva Conference be left to the discretion of the Secretary of State for External Affairs, after consultation with other potential participants apart from the five major powers concerned.[5]

21.

DEA/50069-A-40

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

Secretary of State for External Affairs to High Commission in United Kingdom

TELEGRAM 377

Ottawa, March 30, 1954

SECRET

Repeat Washington EX-487; Paris No. 131.

KOREA — POLITICAL CONFERENCE

We are a little worried that the United States, the United Kingdom and France might have in mind partially insulating lesser United Nations participants from Conference proceedings through some form of steering committee which would go

[5] Le Canada a accepté officiellement l'invitation des États-Unis de participer à la Conférence à Genève le 2 mars 1954./Canada formally accepted the American invitation to attend the Geneva Conference on March 2, 1954.

far towards permitting these three powers to speak for our side as a whole. Such qualms stem from the following considerations:

(a) The Geneva Conference itself will come to pass because the United States, the United Kingdom and France reached a preliminary agreement concerning it at Berlin and then sold the idea to the Soviet Union;

(b) There are indications that the United States, the United Kingdom and France have, since the Bermuda Conference,[6] been exchanging ideas concerning Korea and that of late these ideas have concerned procedural and substantive matters to be considered at Geneva.

(c) Since the concept of Communist China as the "Big Fifth" is anathema to the United States, the latter might be tempted to lay particular stress on the importance of the Big Four set-up and on our side, the Big Three;

(d) Since both Korea and Indochina will be discussed at Geneva and since on our side only the Big Three are likely to participate in discussions on both subjects, the idea of a steering committee composed of the Big Three may be advocated in the interests of procedural efficiency. This idea would probably have an appeal for the French since they are strongly conscious of the inter-relationship of the Korean and Indochinese problems.

2. We are aware that it would be preferable if the United Nations side at Geneva could speak if not with one voice at least harmoniously on Korea and are satisfied that the desired result could be suitably achieved through adequate consultation. We have long recognized the special position of the United States and, of course, of South Korea vis-à-vis the Korean problem, but such recognition does not entail our acceptance of any first- and second-class arrangements for United Nations members at the Geneva Conference. On the United Nations side the history of the Korean problem contains no special mention of a "big power" approach to it. For such approach to be developed now would increase the likelihood of friction among the countries on our side, most of which contributed forces as responsible United Nations members, not on the basis of their obligations as great or small powers. Nothing in the above comments should be interpreted as hostile criticism of the inviting powers making preliminary arrangements for the Conference. No other course is feasible.

3. It would of course be a rather delicate matter to raise this issue directly with the Foreign Office, but we would like to be re-assured that there is no such move on foot. I suggest you might approach the matter indirectly by enquiring at a fairly high level about how the United Kingdom authorities anticipate that the conference will be organized. You might suggest that since we have no direct interest in Indochina we do not expect to take an active part in this phase of the conference. On the other hand, as one of the major contributors to the United Nations effort in Korea

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[6] Eisenhower, Churchill et Laniel se sont réunis aux Bermudes le 8 décembre 1953 pour traiter différentes questions ayant trait à l'OTAN, ainsi que la situation en Extrême-Orient. Pour le texte du communiqué final, voir:/
Eisenhower, Churchill and Laniel met in Bermuda on December 8, 1953 to discuss various NATO matters as well as the situation in the Far East. For the text of the final communiqué, see:
Documents on International Affairs 1953, London: Royal Institute of International Affairs, Oxford University Press, 1956, pp. 110-11.

we would expect to take an active part in the sessions on Korea, and although not one of the inviting powers we would expect to participate on an equal basis with any other members of the conference. The main point is to make clear to the United Kingdom authorities that we would not be content with a second-class position, as would in fact be the case if anything like a steering committee of the Big Four were set up which would in fact operate as the effective conference. Ends.

22.

DEA/50069-A-40

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

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

TELEGRAM 341

London, April 1, 1954

SECRET

Reference: Your telegram No. 377 of March 30.

KOREA — POLITICAL CONFERENCE

1. I think your misgivings about the way in which the proceedings of the Korean conference may work out may prove to be pretty well grounded. It is likely to take some contrivance and goodwill on the part of our friends to prevent the conference organizing itself into inner and outer circles. In the circumstances I thought it would be just as well to tell Lord Reading, the Minister of State who will be Eden's second and successor at the Geneva conference, just what we were worried about so that the point could be kept consciously in mind in any pre-conference discussion of arrangements there may be between the United Kingdom and the inviting powers. Reading took the point quickly enough, but did not come up with any procedural suggestions that might help to meet it. He said they were a little behindhand in their preparations for the conference and he had not yet had an opportunity of talking over such problems with Eden, but would see that the point I made was kept in mind.

2. One procedural point that seems to me to have a bearing on our problem is whether the conference will usually meet in open or closed session. The further one yields to the demand for open sessions the stronger will be the pressure for transacting the real business of the conference in bureaux or steering committees. Reading said that the United Kingdom would very much prefer closed sessions, and I should think it would be in our interest to support this position. (Incidentally, he mentioned that applications for accommodation in Geneva from newspapermen already totalled 1,500.)

3. Another complication which will have to be taken into account is that the Australian delegation will also be headed by its Foreign Minister, who I believe is planning to fly back from Geneva to take part in the final stages of a general election. On past form the Australians can be expected to push very hard for member-

ship of any steering committee that may be set up. All things considered it seems to me that the best chance of preventing the situation outlined in your message coming to pass is to try to get the idea put about and accepted in advance of the conference that its business sessions must be secret; secondly, to try to apply the technique which I am told worked very successfully at the last NATO Ministerial Meeting of creating a *de facto* steering committee strictly limited to the heads of delegations.

DEA/50069-A-40

23.

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

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-528

Ottawa, April 2, 1954

SECRET. IMPORTANT.

Repeat London No. 398; Paris No. 146.

GENEVA CONFERENCE — DISCUSSIONS ON KOREA

Following from the Acting Under-Secretary,[7] Begins: I understand that the United States is now prepared to begin preliminary discussions concerning the Geneva Conference, and that you will be seeing State Department officials in the near future for this purpose. At this stage we do not wish to advance firm Canadian views. We have, however, set forth a number of talking points below with some indication of our thinking at the official level, which we hope you will find useful in eliciting State Department views on a number of subjects, and which may suggest to them some further avenues of exploration.

Objectives

2. There would appear to be general agreement on two basic objectives for the Geneva Conference. All parties on our side (with the exception of South Korea) agree that as a minimum we should ensure that the armistice is continued; at the same time we all agreed that the ultimate objective is the establishment of a unified, independent and democratic Korea in accordance with United Nations resolutions on the subject, and that negotiations should be directed towards the eventual achievement of this goal. Between the minimum acceptable and the final objective is the area for manoeuvre at Geneva.

3. The first stage of negotiations will presumably revolve around the ultimate objectives of unification and the withdrawal of foreign troops. In this connection we are pleased to note that State Department thinking at the "working level" is in general agreement with the United Kingdom draft plan for the unification of Korea. We are, of course, in full accord with the view that if elections and the establish-

[7] L.B. Pearson a approuvé ce télégramme./This telegram was approved by L.B. Pearson.

ment of an all-Korean government is agreed, that this should precede the withdrawal of foreign troops and that a unified Korea should be free to maintain such international security and economic relations consistent with the United Nations charter as it may find appropriate. Accordingly, we would not support any scheme for an "imposed neutralization" of Korea.

4. As the prospects of reaching agreement with the Communists for an over-all plan for the unification of Korea seem poor, we agree with the United Kingdom that it will be most desirable to explore some alternatives so that some agreements of a more limited character can be reached. A complete breakdown of the conference might thus be avoided, and the way might be left open for further negotiations at a later date. We are not convinced, however, that it would be a good idea at this stage to work out a detailed overall *modus vivendi* which would be advanced as a comprehensive second stage plan if and when deadlock is reached on discussions concerning unification procedures. Such an approach would almost certainly be regarded by the South Koreans as a betrayal of their cause, and would doubtless provoke strong criticism from other quarters. It might also enable the Chinese Communists to declare that peace, rather than just an armistice, had been established in Korea while holding firmly onto North Korea. During the discussions on unification, however, it might be possible to form a fairly accurate assessment of the sort of concessions which the Communists would be prepared to make. With this knowledge, and a flexible approach, it might be possible to work out in piecemeal fashion agreements on a number of points which would:

(a) ensure the continuance of the armistice;

(b) provide a basis for future resumption of negotiations;

(c) continue United Nations interest in the Korean problem;

(d) ease North-South relations in Korea wherever practical; and yet not give the appearance of accepting a half-settlement as good enough.

5. We would be interested in knowing what thought the State Department has given to the more limited objectives we have suggested above. We are inclined to think that a willingness to review in a practical way measures which would maintain the armistice and leave the way open for future negotiations would strengthen the United Nations side's position in respect to world public opinion.

Maintaining the Armistice

6. We think that the armistice agreement could usefully be examined prior to the conference so that its validity over a longer period can be assessed and necessary adjustments can be considered. In particular, we have the following points in mind:

(a) *Neutral Nations Supervisory Commission.* We understand that some United Nations Command officers are not satisfied with the way this body is now functioning, particularly in regard to the restrictions placed on its investigations in North Korea. We would be interested in knowing whether the State Department thinks that better scrutiny of the movement of personnel and goods into North Korea might be attained by means of some amendment to the Commission's terms of reference, and if so, whether they think it might be worthwhile to propose the necessary amendments at Geneva; or whether they feel that the best course is simply to

take the retaliatory action of restricting the activities of the Commission in South Korea in the same way as the Communists have done in the north.

(b) *Width of Demilitarized Zone.* The United Kingdom has suggested a zone 20 miles wide. We are not convinced of the desirability of this, and feel that the present zone is wide enough. We would be interested in knowing what United States views on this point are.

(c) *Method of Policing the Demilitarized Zone.* We feel that some consideration might be given to the possibility of the establishment of a "neutral" police force, or at least the attachment of neutral representatives to the Joint Observer Teams in order to reduce the possibility of misunderstandings and incidents. If the United States likes this suggestion would it require an amendment of the Armistice Agreement or simply an agreed interpretation?

(d) *Establishment of a Drawback Area for Foreign Troops as Suggested by the United Kingdom.* We are doubtful about the feasibility of this proposal, and would be interested in knowing whether the State Department has given it any thought.

Political Liaison Arrangements

7. If the conference fails to make progress towards the unification of Korea the United Nations side will wish to indicate its willingness to resume discussions at any time. Provision might be made for this in a number of ways:

(a) An agreed statement to the effect that if either side had any fresh proposals to advance, discussions would be opened through normal diplomatic channels, and a further conference would be convened if necessary;

(b) an agreement could be made for political liaison of a type similar to that employed at Panmunjom when Mr. Dean was negotiating for a political conference;

(c) a subsidiary political body might be set up as an adjunct to the Military Armistice Commission with advisory, reportorial and "good offices" functions to facilitate political liaison;

(d) UNCURK might be converted into a liaison body if some arrangement for Communist representation on it could be worked out. This might have the disadvantage of giving the Chinese Communists an excuse to claim some status in the United Nations, and by the same token this arrangement might be regarded in other quarters as a form of concession to Communist Chinese claims for representation in the United Nations. The problem of a headquarters for UNCURK thus transformed would also be a difficult one.

We would be interested in State Department views on these ideas and the general question of political liaison arrangements.

United Nations Interest

8. As action to resist aggression in Korea was taken in the name of the United Nations, we wish to see the United Nations interest in Korea maintained. We would anticipate that at its next session the General Assembly would pass resolutions confirming any agreements reached at Geneva, and possibly review past resolutions. It seems likely that the possibility will be raised of rescinding some United Nations

resolutions (e.g. the one branding Communist China and North Korea as aggressors and the one imposing trade controls) in return for certain concessions from the Communist side. Rescission would have to be made by the General Assembly itself, and the countries represented at Geneva would presumably not be able to do more than undertake to recommend rescission or maintenance of the resolution, as considered desirable. This matter would need very careful study. We would be interested in knowing whether the State Department expects any pressure to develop before the next meeting of the United Nations General Assembly for rescission of some United Nations resolutions, and how it plans to meet this pressure should it arise.

9. If the United Nations position in the picture is to be maintained, some consideration of the position of UNCURK would appear to be called for. We wonder how the State Department weighs the arguments for and against the suggestion that UNCURK be developed into a liaison body if some representation on it of the Communist side could be arranged.

10. In discussions on the unification of Korea we feel that it should be emphasized that a unified Korea must be economically as well as politically viable, and in this context the question of external economic aid to Korea is of some importance. The UNKRA organization is already established in Korea and it is highly desirable in our view to maintain the United Nations special interest in the country. We would be interested in knowing what consideration the State Department has given to the economic problems of a unified Korea, and whether any thought has been given to the future of UNKRA in this connection.

North-South Relations in Korea

11. If it should prove impossible to secure the unification of Korea on acceptable terms, it may be desirable to consider whether there are matters of North-South relations in Korea not adequately covered by the Armistice Agreement on which further practical arrangements could be made to tide over the period until further progress can be made toward unification. We suppose that most questions of North-South relations can be covered by the Armistice Agreement, but wonder whether the State Department is aware of any matters which are not covered and for which additional limited practical agreements could be usefully discussed at Geneva? For instance, is the question of exchange of mail between North and South covered by the Armistice Agreement? Is it possible for individuals on compassionate or other grounds to make return journeys across the line? What happens to fishing boats that blow North or South in a storm? Is there provision for at least local exchange of produce and goods for communities on or near the line? Perhaps there are other matters in this category that should be examined.

Tactics

12. We would be interested in United States views as to how delegations on the United Nations side should organize themselves at the conference, and what relationship between the Korean talks and the Indo-China talks is envisaged. We feel that the conference will afford an unusual opportunity to gain some knowledge of Sino-Soviet relations and to ascertain Chinese Communist views on general Far

Eastern questions and we would be interested in knowing how far the State Department would be prepared to go in drawing out these views.

13. We would like to know whether the State Department has any firm views on how the United Nations should be kept informed of developments at the conference, as called for in the General Assembly resolution of August 28.[8] Aside from this obligation, we feel that special attention should be given to informing non-participants — particularly India and the other interested Asian States — of the progress of the talks, and consideration might well be given to ascertaining their views on an informal basis from time to time. Such action might head off some criticism from being voiced at the May 4 Colombo meeting of South Asian Prime Ministers who may be expected to resent exclusion from the discussion of Asian problems. We feel that no effort should be spared to see that the United Nations case is understood and appreciated in countries which will not be represented at Geneva.

DEA/50069-A-40

24.

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-551

Ottawa, April 5, 1954

SECRET

Reference: Our teletype to London, No. 377 of March 30 and their reply No. 341 of April 1. Both of which have been repeated to you.
Repeat London No. 417; Paris No. 156.

KOREA — GENEVA CONFERENCE

The teletype exchange under reference lends weight to our concern lest the United Kingdom, the United States and France should so organize the conference that they will serve as the effective negotiators for United Nations members participating on our side. Since the continued failure of the State Department to shift into high gear the Korea consultative machinery in Washington, though understandable, may be expected to strengthen progressively the tendency of the Big Three to run our side of the conference, some action on our part seems desirable, lest our apparent inertia contribute to this trend.

2. I am impressed by Mr. Robertson's two suggestions as to how the developing situation may be righted, i.e. (a) to have the conference conduct its business sessions in secret, and (b) to have a *de facto* steering committee strictly limited to the heads of delegations.

[8] Voir/See Volume 19, Documents 156, 157.

3. I should be grateful if you would approach the State Department informally at a fairly high level and make clear to them our assumption that in conference sessions on Korea we expect to participate on an equal basis with any other member of the conference and that, although we hope that there will be the closest collaboration and team spirit among the democratic participants, we do not envisage the conference as a meeting between two sides, with our side expressing its uniform view through one of the Great Powers as spokesman. You might also put forward the suggestions concerning conference secrecy and a steering committee. As for secret sessions, I recognize that there may be a good number of domestic pressures on Mr. Dulles to keep the negotiations in the public realm, but I would hope that these can be resisted.

4. If you think desirable you might try out Mr. Robertson's suggestions on representatives of other lesser governments which will be participating with us at Geneva, and inform us of their reactions. We have already mentioned our uneasiness to Australian and New Zealand representatives here.

25.

DEA/50069-A-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-607

Washington, April 7, 1954

SECRET

Repeat Permdel No. 84; London No. 39; Paris No. 3.

KOREA — GENEVA CONFERENCE

We brought to the attention of Alexis Johnson today the question raised in your messages EX-487 of March 30 and EX-551 of April 5. Johnson heads the State Department Geneva conference "team". He said he was appreciative of the point of principle involved, which he would keep very much in mind, together with your suggestions regarding secret sessions and a steering committee limited to the heads of delegations. It was clear from Johnson's remarks that the State Department have not come to any decision on how our side of the conference should operate. Johnson, who observed that so far he has not even discussed the matter of any sort of steering committee, said that he would be glad to continue to receive from us any views or suggestions which we might care to give.

2. He expressed the opinion that, after the opening general round of speeches at Geneva, there would have to be some sort of planning and organization on our side, so that orderly and effective presentations of our points of view and rebuttals to the Communists could be given. He assured us that the United States would wish to see during the Geneva conference the same sort of close consultation with Commonwealth countries which had been carried out through the armistice negotiations.

There would of course be the usual difficulty in that the consultations with all the sixteen governments would have a lack of security, while inner circle consultations would arouse resentment.

3. Johnson said that the Berlin conference was a model operation and he hoped that the Geneva conference might be conducted on somewhat similar lines, although its unwieldiness would make this much more difficult. He thought that many decisions as to co-operation on the allied side would have to be made by heads of delegations on the spot.

4. The departmental views contained in EX-528 and EX-529 of April 2 have been communicated informally to the State Department as an "oral message". They have also been conveyed to other Commonwealth Embassies concerned.

5. Johnson said that the ROK Government has still not replied to its invitation to participate in the conference. He was not unduly concerned and expressed the personal opinion that ROK acceptance would probably come along soon. He said that the United States has informed the ROK Government that, because of the time element, it has had to commence consultations with other friendly governments, although it had wished to do so with the Korean Government first. He thought this might hasten the Korean reply.

DEA/50069-A-40

26.

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-611 Washington, April 8, 1954

SECRET. IMPORTANT.

Repeat Permdel No. 85; London No. 40.

KOREA — GENEVA CONFERENCE

Yesterday the Australian and New Zealand ambassadors and myself and the British Minister were requested to go to the State Department to receive a paper outlining United States views on the proposals for reunification of Korea with which the allied side might begin the Geneva conference. Walter Robertson and Alexis Johnson spoke for the State Department. The text of the paper, which was described as meant to provide a basis for consultations with friendly governments, is contained in my immediately following teletype.

2. The Commonwealth representatives questioned the wisdom of stating as one of the general objectives the emergence from the conference with a moral and propaganda victory, on the grounds that this gave the impression that serious negotiations were not expected. Robertson agreed that this objective had been overstated and badly worded.

3. There was also some questioning, chiefly by Spender, about the emphasis on the necessity to preserve the integrity of the ROK Government. Robertson and Johnson, particularly the latter, argued vigorously for this position on the grounds both of principle (in accordance with United Nations resolutions) and tactics with regard both to the Communists and the ROK. They expressed the view that in any case the ROK could not be carried into the conference on anything less.

4. There was a confused discussion about whether the State Department paper set forth an extreme position which would be susceptible to modification by negotiation. The State Department officials seemed reluctant to state this positively but that it is so seems apparent both from its general character and from certain statements in it, e.g.:

(b)1 "We believe we should seek allied agreement to *begin* the Geneva conference with proposals for resuming the United Nations plans for unification of Korea which the Communists frustrated by political opposition and aggression."

(c)2 "They (ROK) would not understand *starting* the conference with proposals to do away with the ROK . . . if we go to the ROK first with the above position, it will give us a better argument to persuade the ROK to accept more generalized forms for accomplishing their objective — Korea's unification."

(c)4 "It is tactically dangerous to begin our consultations or start off at the conference . . . with a final, fixed, rigid formula. We do not wish to be traded out by concessions before the conference begins."

(c)6 "If the ROK and North Koreans each present positions, then the set-up and atmosphere will be created for the allied side to favour at a latter stage in the conference some modified position commanding ROK, allied and world-wide support."

(CF. WA-529 of March 30.)†

5. The State Department would like to have your views on their paper on the reunification of Korea. Robertson and Johnson indicated that they would probably open consultations with the ROK Government on this matter soon whether or not the ROK has replied to its invitation to attend the Geneva conference.

27. DEA/50069-A-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-612 Washington, April 8, 1954

SECRET. IMPORTANT.

Reference: My immediately preceding teletype.
Repeat Permdel No. 86; London No. 41.

KOREA — GENEVA CONFERENCE

Following is the text of the State Department paper on the reunification of Korea, Begins:

UNITED STATES VIEWS ON REUNIFICATION OF KOREA

A. *General Objectives on Korea*

In general the United States and the Commonwealth agree on our substantive objectives:

1. to obtain agreement from the Communists on establishing an independent and united Korea;

2. to withdraw foreign forces from Korea with adequate safeguards and in connection with the unification of Korea;

3. to maintain a strong united allied and United Nations position and frustrate Communists attempts to divide us;

4. to emerge from the conference with a moral and propaganda victory, placing the onus of failure squarely on the Communists; and

5. to take only such positions at Geneva which will help maintain a position of political and military strength for United Nations forces in Korea, including the ROK.

B. *Specific Proposals*

1. *Fulfilment of United Nations Resolutions.* We believe we should seek allied agreement to begin the Geneva conference with proposals for resuming the United Nations plans for unification of Korea which the Communists frustrated by political opposition and aggression. We have in mind specifically the assembly resolutions of November 14, 1947, October 7, 1950 and December 1, 1950, and August 28, 1953. The principal points of these resolutions are:

(a) The United Nations has frequently attempted to assist the Korean people in reestablishing their freedom, independence and unity which are the urgent and rightful claims and that the Korean question is primarily a matter for the Korea people.

(b) National independence of Korea should be reestablished and foreign forces withdrawn thereafter.

(c) Elections should be held on the basis of adult suffrage and by secret ballot and the number of representatives from the voting districts should be proportionate to population; elections should be observed by an international commission with freedom to observe and consult throughout Korea.

(d) The ROK is the only lawful sovereign government in Korea insofar as the United Nations is concerned.

(e) The United Nations has in being a commission with personnel and experience to carry out the terms of reference on Korean unification established in the General Assembly resolution of October 7, 1950.

(f) The United Nations has in being an agency to rehabilitate all Korea once it is unified.

2. In order to preserve the legitimacy, sovereignty and integrity of the ROK, the United States would prefer proposals along the above lines. This would bring about the integration of North Korea under the ROK through elections either only in the north or simultaneously throughout Korea under United Nations supervision. Such arrangements would safeguard our security requirements in Korea. If such a proposal were worked out it would be combined with phased withdrawal of foreign forces staged before and after elections and the establishment of a single national government of Korea.

3. The Communists undoubtedly will reject and denounce such a proposal. However, it would appear to the world at large more favourable to Korean interests than the Communist plan because it would:

(a) preserve the integrity of the nation and people which fought, with much allied and United Nations blood and treasure, for three years against Communist aggressors;

(b) resume the interrupted efforts of the United Nations since 1947 in good faith to establish the independence and unity of Korea;

(c) give voice to the viewpoint of the overwhelming majority of the Korean people; and

(d) not put the ROK on a par with the North Korean regime.

4. The situation in Korea is substantially different from that in Germany so that the parallel for the Eden plan for Germany should not be rigidly applied as a precedent for Korea. The Republic of Korea is a fully sovereign government; the West German Republic is not. The three allies are responsible for working out plans for the unification of Germany, and still retain certain powers over and above the West German Republic. The Republic of Korea in the last analysis will determine whether or not any plan on the unification of Korea is workable in its area of jurisdiction; it alone is responsible to the people of South Korea.

C. *General Tactical Considerations*

1. As a practical matter, no agreement at Geneva will be valid without the joint endorsement of the United States and the Republic of Korea. The United States has a moral obligation to go as far as possible in supporting ROK views and ROK claims to leadership in Korea.

2. In view of the position and size of our forces now in Korea and the need for support from the ROK population, we favor maintaining the integrity of the ROK in principle. In view of the casualties the American people sustained to defend the ROK, they would not understand starting the conference with proposals to do away with the ROK. The ROK will not accept the Commonwealth position, as such. If we go to the ROK first with the above position, it will give us a better argument to persuade the ROK to accept more generalized forms for accomplishing their objective — Korea's unification.

3. In order to maintain the United Nations aspect in bringing about Korean independence, the above plan would uphold and not ignore, or compromise, the succession of United Nations resolutions and efforts to unify Korea, which are still on the books.

4. It is tactically dangerous to begin our consultations or start off at the conference in substance with a final fixed, rigid formula. We do not wish to be traded out by concessions before the conference begins.

5. The above plan has the advantage of establishing the broad framework and context for seeking Korea's unity and independence. It keeps away from specifics such as elections, constitutions, and variant forms of agreement.

6. If the ROK and the North Koreans each presents positions, then the set-up and atmosphere will be created for the allied side to favor at a later stage in the conference some modified position commanding ROK, allied and world-wide support.

7. The Communists may attempt to link their proposals in Korea and Indochina. The generalized plan for Korea might serve as a precedent for a similar Communist plan for Indochina which would be unacceptable to Vietnam and France and the other allies.

D. *The Second Stage Plans or Modus Vivendi*

1. At this stage, the United States Government strongly feels that it is undesirable and dangerous and unwise to anticipate seeking extensive compromises with the Communists after the failure to reach agreement on unification. We should maintain a firm effort to achieve that objective by acceptable means. Only in that way is there any chance of ever reaching it and not diluting or compromising our efforts. Furthermore, the ROK will denounce any plans implying or providing for the partition of Korea or freezing the status quo. The ROK will accuse us of the "sell-out" they now fear may take place. Discussion of this matter is sensitive because if it were divulged, it would probably provoke a ROK walkout or stay home and would tip our hand to the Communists. The armistice agreement does provide a *modus vivendi* which we believe we could live with. Ends.

PCO

28.

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

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 99-54 Ottawa, April 14, 1954

SECRET

GENERAL INSTRUCTIONS FOR THE CANADIAN DELEGATION TO THE GENEVA CONFERENCE

I submit for the approval of Cabinet general instructions for the Canadian delegation to the political conference scheduled to convene on April 26 in Geneva.

This conference is the result of an agreement reached on February 18, 1954, at Berlin among the foreign ministers of the United States, the United Kingdom, France and the U.S.S.R. It will have on its agenda the Korean and Indo-China

problems. Canada, as a contributor of armed forces to the Korean conflict, has been invited to participate in the consideration of the Korean question only.

While both the Communists and the United Nations are agreed that Korea should be unified and foreign troops withdrawn from its territory, neither side having lost the war can be expected to approve any scheme by which such goals might be achieved to its evident disadvantage. On our side the United States Government, limited by strong Congressional pressures and by positions taken publicly on a number of Far Eastern issues concerning which there might have been bargaining at Geneva, will probably approach the conference with very little flexibility. Furthermore, the South Korean government will not be bound by decisions of the Conference which it does not accept. On the other side the Communists cannot be expected to surrender control of North Korea at the conference table which we did not wrest from them on the battlefield. Although the chances that the conference will produce a lasting solution to the Korean problem are slight, the Canadian delegation, in close consultation with other friendly delegations, will seek to exploit any opportunity for easing tensions within the general limits set out below.

I. KOREA

1. *General Objectives*

The long term objective of the United Nations in Korea is the establishment of a unified, independent and democratic Korea. The delegation should support proposals directed towards the achievement of this end and in accordance with United Nations General Assembly resolutions on the subject. With regard to procedure, the delegation should support the view that if free elections and the establishment of an all-Korea government is agreed, this should precede the withdrawal of foreign troops.

2. *Secondary Objectives if Agreement Cannot be Reached on Unification and Withdrawal of Foreign Troops*

(a) As a minimum objective of the conference the delegation should consider supporting any reasonable measure which will ensure that the armistice is continued.

(b) If the conference fails to make progress towards unification of Korea it will be desirable for the United Nations side to indicate its willingness to resume discussions at any time. The delegation should accordingly support proposals which will provide a suitable means for reopening negotiations at a future date.

(c) The delegation should support any practical proposals of a limited nature which will serve to ease tensions in Korea and facilitate the continuance of the armistice, either through amendment of the Armistice Agreement of July 27, 1953, or the negotiation of supplementary agreements. In this connection the desirability of reducing Canada's military commitment in Korea should be borne constantly in mind.

(d) The delegation should support efforts to ensure that any agreement on Korea reached at Geneva, whether of a permanent or temporary character, is kept within a United Nations frame of reference and that any continuing arrangements take due account of past resolutions of the United Nations General Assembly.

II. INDO-CHINA

Canada had not been invited to take part in the discussions on Indo-China. An invitation has not been sought, but should be accepted in the unlikely event of it being extended. It is also possible that broader issues may be raised in these conversations on which the direct participants may find it desirable to consult with other delegations attending the Geneva Conference. The delegation should be prepared to take part in such consultations.

III. OTHER MATTERS

1. *Recognition of Communist China and the Admission of Communist China to the United Nations*

Since the Berlin communiqué stated that neither the invitation to, nor the holding of, the Geneva Conference should be deemed to imply diplomatic recognition in any case where it has not already been accorded, it is not expected that this will be a subject of negotiation at Geneva. If, however, the negotiations reach a point where the Communists state that United Nations proposals for the unification of Korea would be accepted by them if the governments represented at Geneva were to agree to support the seating of Communist China in the United Nations, the delegation should seek instructions from Ottawa so that, if possible, Cabinet may be consulted.

2. *Reduction of United Nations Forces in Korea*

If, in the light of the anticipated post-conference situation in Korea, some reduction of the United Nations forces in Korea seems feasible, the delegation should be prepared to explore with the United States, Commonwealth and other delegations the general considerations which would govern such reduction.

3. *Canadians Detained in China*

The delegation should take advantage of any opportunity for informal discussions with the Communist Chinese delegation concerning the question of Canadians detained in mainland China.

4. *Relaxation of Trade Restrictions*

Canadian restrictions on trade with Communist China and North Korea stem from a United Nations General Assembly resolution of 1951.[9] It is quite possible that the Chinese Communists may exert considerable pressure at Geneva to have trade restrictions removed. The delegation should consult with delegations of other countries represented in the Paris Consultative Group on this matter should it be raised, bearing in mind that countries represented at Geneva can, in any event, make no commitment other than to recommend to the next meeting of the General Assembly that the above-mentioned United Nations resolution be rescinded.[10]

L.B. PEARSON

[9] Voir/See Volume 17, Document 119.
[10] Approuvé par le cabinet, le 14 avril 1954./Approved by Cabinet, April 14, 1954.

29.

DEA/50069-A-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-656

Washington, April 14, 1954

SECRET. IMPORTANT.

Reference: WA-654 of April 14.
Repeat Permdel No. 94; London No. 43.

KOREA — GENEVA CONFERENCE

Alexis Johnson gave an oral exposition, at the meeting of Heads of Mission at the State Department yesterday, on the United States view of the position which should be taken at Geneva on the question of re-unification of Korea. He emphasized that the integrity of the United Nations actions in Korea should be maintained by the preservation of the State of the Republic, to which the puppet North Korean régime should not be regarded as an equal. He explained that by preservation of the Republican Government he did not mean preservation of governing personnel but the continuance of the forms of government which had been established by the United Nations. He said that, if the ROK were unanimous about anything, apart from desire for unification, it was their fear that they would be "sold down the river" by their allies. This was a factor which could not be ignored. The United States would consider politically and militarily dangerous any move which seriously threatened the structure or morale of the ROK Government.

2. Johnson then outlined the United States position, as given in the working paper transmitted with WA-612 (this paper was not distributed to the meeting).

3. He concluded by observing that, generally speaking, two proposals had been offered for re-unification:

(1) To promote a plan within the framework of the presently constituted Republican State;

(2) To start anew through an election of a constituent Assembly and the establishment of a new constitution.

The United States considered the approach in the first to be essential and was not in favour of the second alternative.

4. Scott of the British Embassy said that his government thought the United States position could be taken as a reasonable basis for discussion. He stressed, however, the need for flexibility. I pressed Johnson on the flexibility point and asked him whether my understanding was correct that, from the United States point of view, the negotiating area might be between the following two limits:

(a) Elections in the North to fill up the present Assembly, and

(b) all-Korea elections for a National Assembly with the forms of the present constitution of the Republic preserved.

Johnson replied in the affirmative.

5. I asked Johnson about the probable ROK position on the unification question. He replied that, from past statements, they might be expected to maintain that the following steps should be taken in the order given:

(1) Complete withdrawal of the Chinese forces;

(2) Extension of the ROK administration into North Korea;

(3) Holding of elections in North Korea to fill the vacant assembly seats.

6. Johnson expressed the opinion that there would be some time for consultations amongst the allies even after the opening of the Geneva Conference. Business sessions would be unlikely to begin until a week or ten days after the opening. He said that he intended to recommend to the Secretary of State that he should get together with heads of allied delegations before the opening of the Conference.

DEA/50069-A-40

30.

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-620 Ottawa, April 15, 1954

SECRET. IMPORTANT.

Reference: Your teletype WA-612 of April 8, 1954.
Repeat London No. 482; Paris No. 182

KOREA — GENEVA CONFERENCE

Generally we have the impression that the State Department are putting down a first statement of a unification proposal which would not only be acceptable to the ROK but could be advanced by the latter as their own. Although the paper recognizes that its specific proposals will be unacceptable to the Communists, you have pointed out in your teletype WA-611 of April 8 that there are indications in the paper that the position adopted could be susceptible to modification by negotiation. Since the lines along which modification of the position might develop are not made clear, we should like to know more about the United States views concerning stages, beyond the one outlined, to which the negotiations might progress.

2. The paper makes clear the opinion that if the attempt to achieve unification should fail, the seeking of the extensive compromises necessary for a *modus vivendi* should not be anticipated at this stage. However, we should like to know whether the paper is considered to outline proposals for unification which in fact would be put forward by the ROK Government and thus set the stage for the situation envisaged in the paper's paragraph C6. If so, the further point arises of whether

the initial assumption by the ROK Government of a relatively inflexible position might not affect adversely the manoeuvrability of the United States and other countries on our side. Moreover, this paragraph as it now stands seems inconsistent with the statement in paragraph C1 that "the United States has a moral obligation to go as far as possible in supporting ROK views . . .".

3. Perhaps the most evident differences in emphasis between the United States working paper and our own approach are the provisions to protect the position of the ROK Government throughout the processes of unification. We recognize that the ROK Government will only be bound by decisions of the Geneva Conference to which it adheres. We also recognize the special experience and responsibilities of the United States Government in dealing with the ROK Government. We certainly do not want to put forward proposals that would needlessly undermine the ROK Government. Nevertheless, if there is to be unification, the present ROK Government cannot just absorb North Korea but must eventually submerge its present identity in the greater Korea. Some risks to the positions of individual incumbents may be involved, but we think should be taken in the interests of achieving unification. We would hope that the United States Government would take the lead in persuading the ROK Government to accept proposals which are reasonable and to recognize the position of inter-dependency which it and associated states occupy vis-à-vis the Korean problem. The United States Government has played this role on occasions in the past in the interests of all those states concerned with the United Nations effort in Korea, including the ROK.

4. Turning to the particulars of the paper, we would comment first on the list of general objectives, with all but two of which we fully agree. Concerning paragraph A4, we concur in the criticism of the propaganda victory reported in your WA-611. We remain convinced that any propaganda victory arising out of the conference should be a by-product and not an objective of that conference.

5. As for paragraph A5, our approval is qualified. While we would not needlessly work against the ROK Government and believe strongly that any proposal for unification should not be put forward in a way liable to antagonize that Government, we cannot give assurances that we would not take a position which might appear to some ROK officials as undercutting their political strength.

6. The proposals contained in paragraph B1 seem to be based on an interpretation of the relevant provisions of various Assembly resolutions. We wonder if it would not be better tactics to adopt a position that these provisions speak for themselves on the various points necessary for a Korean settlement and that it is up to the Communists to establish that any plan which they put forward is more reasonable and morally defensible than that which would stem from such provisions. If, instead of having the ROK Government put forward proposals which in effect would provide for the absorption of North Korea, we were to pursue the latter course without berating the other side for failure to accept the resolutions previously, most of the general tactical considerations listed in the working paper would be taken into account. Moreover, this course would have the added advantage of not committing us to an inflexible stand on which the Communists might conceiva-

bly wreck the conference, the while successfully assessing us with responsibility in neutral Asia, or from which we would eventually have to retreat with losses.

7. We question the paper's proposal for elections — paragraph B2. We favor all-Korean elections and would hope that the United States Government would see fit to request the ROK Government to postpone the elections scheduled for next May until the outcome of the Geneva Conference is known. We think such postponement a prerequisite to any agreement concerning elections which might be reached with the Communists. President Rhee has given some indication that he is not averse to all-Korean elections, even for his own office. We would find it difficult to support any proposal for elections in the north only as a prerequisite to a united Korea.

8. We would want general elections under assured conditions but do not see the necessity of insisting that UNCURK as now composed should serve as part of the assurance machinery when another form of supervisory body might work just as satisfactorily but be less objectionable to the other side. The ROK electoral law, which provides for universal adult suffrage and secret ballot, is in harmony with democratic principles and has the general approval of UNCURK. We see the position of the ROK Government so secure in territory where two-thirds of the Koreans live that they need have no fear of accepting suggestions for minor safeguards in the application of the law to meet reasonable requests of the other side. Perhaps even the Communists might be permitted to campaign below the parallel if a similar concession is made in the north to ROK Government parties. Through the general elections the people might choose (a) a president, (b) a constituent assembly, and (c) whether they wish such assembly to adopt the constitutional laws of South Korea, of North Korea, or to conduct its own review of them. We suggest that some such scheme for elections would neither be repugnant to world opinion nor reasonably be regarded by Syngman Rhee as a threat to his power.

9. In paragraph C2 of the paper, reference is made to a "Commonwealth position". We hope that the use of this phrase does not indicate a United States assumption that a common "Commonwealth position" has in fact been agreed upon. If you think there is any misunderstanding in this regard, I should be grateful if you would correct the misapprehension. The United Kingdom draft plan given us in your WA-423† is skeletal and cannot be regarded as a "Commonwealth position". Our EX-528 only stated preliminary Canadian views at the official level.

31.

DEA/50069-A-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-667

Washington, April 15, 1954

SECRET. IMPORTANT.

Repeat Permdel No. 98; London No. 44.

KOREA — GENEVA CONFERENCE

The State Department, through Kenneth Young, have given us comments on the views and suggestions contained in your message EX-528 of April 2.

Objectives

2. The Department would increase the emphasis on serious negotiations for unification and withdrawal of troops and lessen that on working out a plan for some other sort of secondary agreement, if the main one cannot be achieved. They agree, however, that in the latter case it would at least be desirable to ensure the continuance of the armistice.

3. In the negotiations at Geneva the United States wishes to link the objectives of unification and withdrawal of foreign forces. The Communists will presumably seek to deal with the withdrawal of foreign forces as a first item. Young recalled the proposals for a political conference agenda which they submitted in writing at Panmunjom on November 30, which were: (a) the prisoners-of-war question; (b) withdrawal of foreign forces; (c) peaceful settlement of the Korean question and other related matters. The United States believes that withdrawal of forces should be based on performance and accompanied by safeguards. They are thinking of a phased and synchronized plan for unification and withdrawal. Withdrawal might be commenced before the holding of elections but it would not be completed until after unification. The ROK make out a strong case that the Chinese should get out of the country first. This is unrealistic, but commencement of withdrawal before the elections might present a symbolic affirmation of good faith by both sides.

4. The State Department agree with your opposition to imposed neutralization. They are considering what would be the most suitable instrument of guarantee to the security and political independence of a unified Korea. A plan under review is to incorporate a section dealing with this matter in an overall agreement on unification and withdrawal of forces. This would involve all participants in the conference, although without specific commitment, rather than a separate great power guarantee.

5. The State Department agree that chances for achieving settlement on the unification and withdrawal questions are slender. Nevertheless, they are very leery at this time about considering an alternative plan for some lesser or second-stage agreement. They consider this dangerous from the point of view of the attitude of

the ROK and they are not in favour of doing anything which might give a sense of legality or permanence to the division of Korea. They say that consideration of what is to be done if the main negotiations at Geneva fail must be approached with extreme care because of the strong ROK sensitivity in this regard. For this reason, and because of the possible effects which any agreements worked out on Korea might have on the Indo-China problem, the State Department prefer not to discuss the details of a second-stage plan but to keep it in mind for later consideration in the light of developments at Geneva.

Neutral Nations Supervisory Commission

6. The Department consider your reference to the unsatisfactory functioning of the Commission to be an understatement. The United States believes that the terms of reference of the Commission have been deliberately circumvented by the Communists. Swiss and Swedish Embassy representatives called upon the State Department yesterday to express doubt that their members could under present circumstances carry out their proper functions of observing the movement of men and material into North Korea. The United States Government will probably bring this situation to the attention of governments concerned and to the public in some detail. The method of doing this has not yet been decided. The Department point out that the frustration of the N.N.S.C. is fundamental to the understanding of what an agreement with Communist countries means. The Department have not worked out proposals for renovating the N.N.S.C. or of possible future relations with UNCURK; they prefer to wait to see how things go at Geneva with regard to unification.

Width of Demilitarized Zone

7. They do not regard with favour the British suggestion of a twenty-mile zone because it would: (a) impinge on the United Nations defence positions; (b) press the Allied forces closer to Seoul; (c) take arable land out of cultivation.

Method of Policing Demilitarized Zone

8. Establishment of a neutral police force would be administratively difficult but will be examined. The joint observer teams have not worked out well in practice. It might be preferable to form neutral teams with freedom of movement on either side of the line of demarcation.

Establishment of Drawback Area for Foreign Troops

9. The State Department do not view this suggestion favourably.

Political Liaison Arrangements

10. The State Department believe that these suggestions should be examined at a later stage but they express reserve about them.

United Nations Interest

11. The State Department agree with the principle of inherent United Nations interest in Geneva. They believe that the Secretary-General should be kept informed but not through attendance of his representative as an observer, which might establish an undesirable precedent. They suggest that specific arrangements

might be made for information to be passed either directly to the Secretary-General or to a representative designated by him in Europe. The position of UNCURK should be considered in the light of developments at Geneva.

North-South Relations in Korea

12. The State Department say that this is an extremely touchy subject. They believe it is one which is best left to be worked out between the Koreans themselves. We should be ready to assist but we should not take the initiative, which would be like "backing into a blow-torch".

Tactics

13. There has apparently been little advance beyond the nebulous situation outlined in our WA-607 of April 7. The difficulty is how the unwieldy Allied side should be organized efficiently so as not to be at a disadvantage with the Communists. Young said that the State Department and the Secretary of State were fully aware of the delicacy of the matter and the danger of ruffling people's feelings. There is a possibility that some of the smaller delegations may not wish to take a very active part in the conference.

32.

DEA/50069-A-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-681

Washington, April 20, 1954

SECRET. IMPORTANT.

Repeat Permdel No. 99; London No. 47; Paris No. 4.

KOREA — GENEVA CONFERENCE

The views contained in your message EX-620 of April 15, were conveyed to the State Department yesterday in the form of a written "oral message". They were given to Kenneth Young in the absence of Alexis Johnson, who was in Atlanta conferring with the President and Secretary of State prior to his departure for Geneva. Arthur Dean, who was in Young's office at the time and who has been giving advice to the State Department on the Korean conference, joined in the discussion of the Canadian views. Young expressed appreciation for the Canadian suggestions, which he said were helpful.

2. Some of the points made in your message EX-620 have been covered in our messages WA-656 of April 14, 667 of April 15, and 675 of April 17.† You will have seen from Para. 5 of WA-656 that the State Department regard their working paper as going a little further in the way of concessions than the ROK would wish, since the latter might be expected to press for withdrawal of Chinese forces first, followed by extension of the ROK administration into the North. Nevertheless, the

Americans constantly stress the importance of going into the ROK and that it is essential not to frighten Rhee off at the outset. That is why the State Department do not wish at this time to go further, in indicating possible modifications of their position, than the statement of Alexis Johnson that the negotiating area might be between the limits of

(a) Elections in the North to fill up the present Assembly, and

(b) All-Korea elections for a National Assembly with the forms of the present constitution of the Republic preserved.

You will recall that Bedell Smith emphasized to me that the initial proposal to the Communists should adhere closely to the United Nations Resolutions and at the outset extend only to elections in the North.

Young, in confirming ROK acceptance of the invitation to attend the Geneva conference, told us that the United States had not yet consulted with the ROK about the substantive matters of the conference. With regard to assurances given to President Rhee by the United States Government, he characterized as misleading the article in the *New York Times* of April 19, which reported the Korean Ambassador Yang, as saying that the United States had undertaken greatly to increase Korean military power. Young said that Rhee had demanded equipment for a large number of additional Korean divisions but the United States had agreed only to send some further equipment to fill out the ROK's present twenty divisions. This undertaking and the promise to consult with the ROK if, after ninety days, no progress is being made at Geneva, represent, we understand, the only assurances given to Rhee on the eve of the conference.

4. The State Department agree with you that the present ROK Government cannot just absorb North Korea, if by "government" is meant the present "administration". What they are concerned to preserve is the constitutional form of the ROK Government, and their understanding is that your view is similar.

5. Young appeared interested in the arguments contained in Para. 6 of EX-620 regarding tactics. Dean also commented on this aspect. They both appeared to agree that, although the allied position should be based firmly on the United Nations resolutions, it should not be marked by complete inflexibility. Dean in fact said it should be as reasonable as possible consonant with the necessity of keeping the ROK in the conference.

6. Neither Young nor Dean seemed to believe that it would be practicable to ask the ROK Government to postpone its elections. They thought that such a request would have a very adverse effect upon Rhee's attitude towards the conference and there would also be constitutional difficulties. Nevertheless, Young thought that the suggestion for postponing elections might be made to the ROK if there were progress at Geneva towards the solution of the Korean question. The State Department are giving close study to the elections question from all points of view.

7. We made orally the point about a "Commonwealth position" referred to in Para. 9 of EX-620. Young replied that there was no misunderstanding of the situation. The phrase had been used rather carelessly in the State Department working draft because of certain assumptions which had been made about the views of Commonwealth countries.

8. Young said that a real difficulty had arisen in the discussions between the American, British, French and Russian technical liaison officers in Geneva. Consideration of the seating plan was not promising because the Soviet representative maintained that his instructions would not allow him to discuss the seating of the nineteen powers, but only that of a "big five".

9. The Secretary of State met at noon today with the Ambassadors of the sixteen powers and of the Associated States of Indo-China, in order to have a general discussion with them on the eve of his departure for Geneva about the Korean and Indo-China conferences and about the security of South-East Asia. This discussion will be reported in following messages. Some of the points made by Mr. Dulles with regard to the Korea conference also have a bearing on your message EX-620.

33. DEA/50069-A-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-683 Washington, April 20, 1954

SECRET. IMPORTANT.

Reference: WA-681 of April 20.
Repeat Permdel No. 100; London No. 48; Paris No. 5.

KOREA — GENEVA CONFERENCE

Today the Secretary of State met with the diplomatic representatives of "the sixteen" powers and of the Associated States of Indo-China. He discussed in general terms the Korean and Indo-China conferences and his proposals for the security of South-East Asia. These topics will be reported in separate messages,† this teletype being confined to his remarks about the Korean conference.

2. He began by referring to the complications of the Geneva conference as compared to the recent Berlin discussions. He was disturbed by the endeavours of the Russians to give it the aspect of a big five meeting, with other participating powers in a subordinate capacity. This objective on the part of the Soviet Union was reflected in the Russian suggestions for the operation of the conference. Dulles took a serious view of this attempt to subvert the Berlin agreement. He recalled that the issue had been fought out in Berlin and that specific Soviet concurrence in abandonment of the big five idea was contained in the Berlin communiqué. If this was now going to be questioned by the Soviet Union, it raised the fundamental issue of the value of trying to reach any agreement with the Communists. Dulles said that, subject to the important doubt being allayed, he thought that it should be possible to work out practical arrangements for the conference, since he believed that the Communists wished it to proceed. Another important outstanding matter was the Chairmanship. Dulles suggested that perhaps a national of some neutral

country such as Switzerland might be invited to preside, or Hammarskjold in a personal capacity. Dulles said he regarded it as important that he should make quick contact with the heads of friendly delegations in Geneva, in order to arrange for high level discussions with the Russians at Geneva on procedural questions. He surmised that this would be the only way of bringing the Russians to agreement within a short time.

3. Turning to substantive matters, the Secretary of State said he was happy to have been informed that the ROK would participate in the conference, since it was difficult to conceive of an effective conference without Korean attendance. He expressed the hope that the ROK delegation would take an active and leading part in the presentation of their case, in which they were the party primarily concerned as the only lawful government recognized by the United Nations side and representing 75 percent to 80 percent of the Korean population. He said he understood that the Korean delegation was proceeding directly to Geneva. He did not know their intentions but he thought it would be appropriate for the Korean delegation to make the opening presentation on the allied side when substantive matters came to be discussed. The Korean representative said that the ROK delegation expected to be in Geneva on April 24. Dulles said it would be important for heads of the allied delegations to exchange views at Geneva as soon as possible.

4. He said that he had discussed with the British Foreign Secretary the basic position which he thought should be taken on the Korean question and that he understood Eden to be in general agreement with him. The first question to be decided was whether we regarded the conference as a possible basis for serious negotiation about the unity and independence of Korea or whether we considered in advance that a solution was impossible and should therefore have an eye only to a propaganda position. He stated it to be the view of the United States Government that an earnest effort should be made at Geneva to bring about the unity and independence of Korea. He recognized that the chances of success were not great and that this pessimism was shared even more strongly [by] the ROK Government. Nevertheless, the conference should not be regarded as hopeless. He maintained that a certain gain had been achieved at Berlin in getting the Soviet Union to agree, in the resolution providing for the calling of the Geneva conference, to a statement that the unity and independence of Korea was a step conducive to the relaxation of tension in Asia. This was an advance over the armistice agreement in that it established the principle of the desirability of a united and independent Korea. The Soviet Union might not intend to bring this about, but the Geneva conference would at least start off with the recognition of all participants that the unity and independence of Korea was an important objective with regard to Asian security. The Secretary of State noted that in this recognition there was an implicit relationship to the end of the fighting in Indo-China.

5. Turning to tactics he said that we should avoid putting forward a final position at the outset. He observed that trading with the Communists was a painful process and that it was necessary to have possibilities of compromise and exchange up one's sleeve, if there were to be a successful outcome. The United States attitude at Geneva, to begin with at least, would be based on the position that the United Nations some years ago had embarked upon a programme to accomplish the aims

with regard to Korea which are repeated in the Berlin communiqué. Had aggression in Korea not occurred, the United Nations Commission which had been appointed to achieve these aims should have been able to complete its task. Now that fighting has ceased, the United Nations programme, which had been interrupted by aggression, should now carry forward.

6. Dulles declared that, as an initial position, this would be sound and moral and would also contain certain bargaining elements, if it were necessary to employ them. Such an initial position would call for holding of elections in the territory to which the United Nations Commission had not yet had access, fulfilling in that way the United Nations task. He said that he realized that many, in his own government as well as others, would not regard this proposal as the final acceptable solution. However, in his view it was important not to give away the trading points in advance. He then argued, perhaps at this point with a little sophistry, that, if the objective at Geneva were only to win a propaganda victory, it might then be advisable to start off with a more ideal position and rest on it in order to appeal to the world.

7. He concluded his discussion of the Korean aspect of the conference by entering a reservation that, in this whole matter, the views of the ROK were of the highest importance; so that what he had said was conditional upon talks which he would have with the ROK delegation at Geneva. He stated that there was no possibility of taking a position which the ROK would not accept because no one proposed to force anything upon the Korean Government. Generally speaking, he advised that the initial position should be presented in vague and general terms, so as to ascertain the mood and intentions of the Communists.

34. DEA/50069-A-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 169 Paris, April 22, 1954

SECRET. IMMEDIATE.

Repeat London No. 45; Washington No. 24; Permdel No. 1.

GENEVA CONFERENCE

We discussed the Geneva Conference at a lunch Eden gave in London yesterday for Australian, Canadian and United Kingdom representatives. It is clear that nothing at all has been settled on procedural matters essential before the conference can open.

2. A number of suggestions have been tossed about on the question of a chairman, or at least of providing someone to open the first meeting. I did not encourage a suggestion Eden made on Tuesday that I might act as chairman. We considered the

possibility of Hammarskjold presiding, but agree that the Russians — and probably the Americans as well — would not accept this because of their insistence on dissociating the United Nations from the Geneva meeting. The idea of having the President of the Swiss Republic open the conference as host was also rejected on the grounds of the Swiss desire to stay neutral. Eden wondered, not entirely flippantly, if we might consider Molotov as a permanent chairman. He had been a good chairman at Berlin, and the role would inhibit him somewhat. The objection to having rotating chairmen is that the United States would not sit under a North Korean or a Chinese. I suggested we might rotate with the interested parties, i.e. the two Koreas and China, excluded. Eden and Casey liked this idea, and Eden said he would suggest it to Dulles.

3. Eden said it had been agreed — presumably with Dulles and Bidault — that the meetings would be private and the press would be allowed in only to take pictures. As at Berlin, each delegation would be responsible for briefing the press on what took place.

4. As for the seating arrangements, consideration is being given to a so-called "auditorium plan", based on the Assembly Chamber in Geneva. This provides for two horseshoe rings, one behind the other. The Americans like it because it would place them directly behind the South Koreans. The French, after having made no comment on this for a week, now say they don't like it, but have no alternative to offer. It is most important that some agreement be reached, at least on the chamber to be used so that a start can be made on wiring it. Eden thought, however, that at least the opening round of speeches could be delivered from a platform.

5. Dennis Allen reported his talks a few days ago in Paris with the French on Indo-China. For the first time it appears that the French — or at least French officials — instead of repudiating any mention of partition, have talked tentatively along the following lines. They might seek an agreement with the Communists according to which the latter would evacuate Laos and Cambodia entirely, and the French would restrict themselves to positions specified in their agreements with those States. They would also be prepared to talk to the Communists about a mutual withdrawal to positions in Vietnam which would leave the Vietminh in the north and Vietnam in the rest of the country. Allen was not at all specific about these ideas, reflecting, I think, the very general terms in which the French had talked.

6. Eden was emphatic that agreement should not be reached on the composition of the conference sessions on Indo-China until the Colombo conference had ended, lest an opportunity be given to Nehru to point to the exclusion from these discussions of all the countries represented in Colombo.[11] However, the United States were anxious to settle the question of participation in Paris. Casey mentioned the Australian desire to participate, which he seemed to take for granted. Eden, while

[11] Les premiers ministres de l'Inde, du Pakistan, du Ceylan, de la Birmanie et de l'Indonésie devaient se réunir à Colombo le 2 mai 1954 pour discuter du désarmement, du colonianisme et de la crise en Asie du Sud-Est.
The Prime Ministers of India, Pakistan, Ceylon, Burma and Indonesia were to meet in Colombo on May 2, 1954 to discuss disarmament, colonialism and the crisis in Southeast Asia.

agreeing, had told me Tuesday evening that he had hoped that Indo-Chinese discussions might be limited to the four — the Indo-Chinese and "neighbouring states", e.g. Burma and Thailand.

7. There was a discussion of the next phase of consultation. Eden, Dulles and Bidault will be meeting in Paris on the subject today, although Eden was somewhat caustic about the fact that he had made a great effort to leave London early and had then learned that Bidault could spare only forty-five minutes. There will undoubtedly be informal talks in Paris, as the Australians will also be on hand, but it was agreed that there were obvious objections to anything in the way of more formal consultations among the NATO countries involved. It was proposed, however, that we should meet on arrival in Geneva Sunday evening. Eden thought it important that some one but not all three western inviting powers, see Molotov Sunday morning to reach some agreement on the essential procedural matters.

[L.B. PEARSON]

35.

DEA/50069-A-40

La délégation à la Conférence sur la Corée à Genève[12]
au secrétaire d'État aux Affaires extérieures
Delegation to Geneva Conference on Korea[12]
to Secretary of State for External Affairs

TELEGRAM 7

Geneva, April 28, 1954

CONFIDENTIAL

KOREA — GENEVA CONFERENCE

On April 26 the procedural difficulties which had threatened the conference with delay were cleared up without trouble.

2. In the morning Mr. Dulles presided at a meeting on the foreign ministers' level of the group of sixteen. After expressing the hope that the members of the group would pursue a common approach at the conference in carrying out the objectives of the whole action in Korea. He said that since certain details for conference arrangements had [devolved] upon the four inviting powers as a result of the Berlin conference. Mr. Eden was interviewing Mr. Molotov and will report to the meeting on any agreement reached with the latter on these details.

3. He then explained the seating arrangements for the conference to which Mr. Molotov had agreed. The plan called for the seating of all delegations according to the English alphabet, with China being listed under 'P' for Peoples Republic of China, and North Korea under 'D' for Democratic Peoples Republic. The inner semi-circle would have eight delegations, the second eight and the last three.

[12] La délégation canadienne était composée de L.B. Pearson comme délégué, John Holmes et Chester Ronning comme délégués suppléants, et Charles McGaughey et A.C.E. Joly de Lotbinière comme conseillers.
The Canadian delegation consisted of L.B. Pearson as delegate, John Holmes and Chester Ronning as alternates and Charles McGaughey and A.C.E. Joly de Lotbinière as advisors.

4. Mr. Eden then arrived and informed the meeting of his agreement with Mr. Molotov on the following principal points:

(a) concerning language interpretations it was agreed that subsequent translations would be made one day in English, one day in French, and the third day in Russian, continuing in such order. At such time there would be simultaneous translations in the five principal languages;

(b) the press would be excluded from all meetings;

(c) no nation would be permitted to have an official observer;

(d) there would be a panel of three chairmen. Each of whom would be chosen from one of the following groups:

(1) the Soviet Union or China;

(2) France, the United Kingdom or the United States;

(3) one from the remainder.

5. The meeting of the sixteen agreed that the panel of chairmen should consist of Mr. Molotov, Mr. Eden and Prince Wan of Thailand. Subsequently Mr. Eden obtained Soviet concurrence in an arrangement by which Prince Wan would act as chairman of the first meeting, with Mr. Molotov and Mr. Eden following in rotation of subsequent days.

6. Mr. Dulles then suggested that meetings at the deputy level be held every morning and stated that Mr. Alexis Johnson would represent the United States at these meetings.

7. Mr. Pyun of the R.O.K. asked for the opportunity to speak first when the conference turned to substantive matters and received the support of Mr. Dulles. There was no objection to his request.

8. Turning to the agenda Mr. Dulles said that the inviting powers might seek agreement on it. He thought it much more satisfactory to have this conference based on the Berlin agreement, rather than on the armistice agreement, since the former called for the "establishment of a united and independent Korea", and did not mention the withdrawal of belligerent forces. Moreover, the R.O.K. could request the withdrawal of the Chinese from North Korea so that the Chinese might purge themselves of aggression without a corresponding withdrawal of United Nations forces from the South.

9. Considerable discussion took place as to the advisability of adopting United Nations procedure, but Mr. Eden explained that Mr. Molotov had agreed that for the time being no rules of procedures needed to be adopted.

10. The conference opened in the afternoon on schedule with Prince Wan in the chair. He announced the various arrangements which had been reached earlier and described above, and said that each chairman would be free to chose his own assistants in his task, at which time he called on Mr. Kural, the Secretary-General of the Allied Secretariat for the conference and an associate to flank him. He mentioned that he only had the name of the R.O.K. on his list of speakers and said that speakers would be called on in the order in which their names were inscribed. Since the day's meeting was only to settle the organization of the conference he then announced an adjournment.

36.

DEA/50069-A-40

La délégation à la Conférence sur la Corée à Genève
au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea
to Secretary of State for External Affairs

TELEGRAM 10

Geneva, April 28, 1954

SECRET

KOREA

The first of what are intended as regular, possibly daily, sessions of deputies of the sixteen was held this morning (April 27). Kural, as our Secretary-General, opened the meeting but Alexis Johnson took over on the assumption that these meetings were to be a continuation of the Washington sessions.

2. Johnson began with a lengthy exposition of American aims and intentions on the Korean question. It was a rigid statement of views already known to you. Our policy must be based on the position that we were not making a fresh start on Korea but were merely seeking to complete the process of reunification already undertaken by the United Nations. Unless the Communists were willing to give up their position on North Korea the conference was bound to fail. He emphasized the importance of the united front while recognizing that there might be differences of emphasis and minor differences of tactics among us.

3. In a somewhat formal session of this kind with the ROK present, it was difficult to have anything like a frank discussion of the issues. Neither we nor the Australians and New Zealanders are very happy about the American approach which seems to be based on the assumption that we are victors and leaves no room for manoeuvres at all. Allen of the United Kingdom tactfully expressed agreement with the fundamental aims of the Americans, but emphasized the importance of our putting forward proposals which the world would recognize as reasonable, and the Communists will have difficulty rejecting. Watt of Australia and Lacoste of France spoke of the importance of not always speaking with the same voice in meetings, even though we maintained a basic unity.

4. The rest of the meeting was devoted to a discussion of tactics for the afternoon's meeting, in particular of plans for frustrating Molotov's knavish tricks which, as it turned out, he didn't play.

DEA/50069-A-40

37.

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

Geneva, April 28, 1954

TELEGRAM 16

CONFIDENTIAL

KOREA — GENEVA CONFERENCE

The second day of the conference was again happily marked by the failure of the expected to materialize. Molotov was a courteous competent chairman, and both Pyun of South Korea and Nam Il of North Korea spoke with unfamiliar moderation. The third speaker, Angel of Colombia, put the conference and his country's participation in it firmly in a United Nations perspective. He made a good case for consistency between any solution of the Korean problem which might be found, and Korean policy as laid down by the United Nations.

2. Both Korean delegates spoke in Korean. Pyun's speech, already sterile enough, was further marred by the subsequent inept English translation by his staff interpreter. Nam Il's speech was improved technically by his pausing after each para for translation.

3. Pyun began by pointing out that all Koreans were of same stock and emphasized the hostility of most of those in the north to their Governors who had sold out the fatherland to foreigners. He recounted developments in the peninsula since 1945 and pointed out that before the aggression all that remained to achieve the unification of Korea under United Nations auspices were elections above the parallel. It would, therefore, adversely reflect on the United Nations if elections were now called for in both South and North Korea. He attacked Communist China for interfering in the internal affairs of Korea and said that the Chinese Communists, like all Communists, owed allegiance to the Soviet Union. He denied that his government loved fighting but insisted that peace could not be bought at the price of freedom. He concluded by calling for co-operation all around but made no specific proposals.

4. Nam Il began by recounting the familiar Communist interpretation of Korean developments since 1945. He assessed the United States with blame for the aggression but did not deliver an harangue on this point. He stressed the importance of strict observation of the Armistice Agreement as a pre-condition to the unification of Korea and then made proposals for achieving this goal which, on their face, are neither implausible nor surprising.

5. In summary, they called for a conference decision by which:

(a) A joint Korean commission would be elected by both Assemblies which would provide for free elections to a National Assembly from which would come a unified Korean Government.

(b) In the interim the commission would work for the establishment of economic and cultural relations between the two Koreas.

(c) The necessity of all foreign forces withdrawing from Korea within six months would be recognized.

(d) The states primarily concerned would recognize the necessity of creating conditions helpful to bringing about rapid unification of a democratic independent Korea.

6. Nam Il did not say that both Koreas would be equally represented on his proposed commission, but this conclusion would seem to follow from his proposals. His plan also cuts across the principle of internationally supervised elections.

7. Since Dulles, the next speaker on the list, preferred to speak on April 28, Molotov adjourned the afternoon meeting at 5 o'clock.

38. DEA/50069-A-40

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

TELEGRAM 25 Geneva, May 1, 1954

CONFIDENTIAL

KOREA — GENEVA CONFERENCE

As this week has progressed, the conference has developed into a debate on Korea in the fashion of the United Nations and no less public. The principals of both sides have staked out their positions and the usefulness of further general debate in accomplishing the purposes of the conference has become highly questionable. The problem came under consideration at a meeting on April 29 of the sixteen, at the ministerial level. Then Eden advocated that the group approach the Communists with the suggestion that the conference begin restricted sessions, i.e., those concerning which the press would not be briefed, and state our final position on the necessity of elections being internationally supervised.

2. Pyun, with the support of Dulles, insisted that he be given an opportunity to reply in the general debate to Communist allegations. While recognizing the desirability of private negotiations with the Communists, I emphasized the importance of the group reaching first an agreed position. I hoped we could start discussions among ourselves very soon towards this end. While we could not permit the conference to break up on the question of the scope of the elections, we should take a very strong stand regarding their supervision.

3. Throughout the meeting Dulles threw his weight behind Pyun and called for consideration of the issue of life and death facing the ROK Government. Pyun must have adequate time for consultation with Seoul. I made it clear that we did not wish to alter the status of the ROK Government as the only legitimate one in Korea but

said that on such narrower questions as the scope of the elections the group might have earlier discussions. Pyun insisted that proposals on our side could not be formulated hastily and stated flatly that his government would make no concessions for nothing.

4. In the event it was decided to appoint a subcommittee consisting of the United States, United Kingdom, France, the ROK, Thailand, Australia, Colombia, the Philippines and Turkey, to meet at the official level and formulate proposals which might be submitted for consideration to the group of sixteen. It was also agreed that Pyun should have a chance to reply in plenary to Communist charges.

5. A member of our delegation attended as an observer the first meeting of the group of nine on April 30. Johnson for the United States said that the group should draft proposals which would be the last word among ourselves. How these should be used tactically would be a matter for subsequent decision. Allen for the United Kingdom pointed out that as long as the proposals were carefully drafted they need not be detailed.

6. At this point the Philippine representative presented a plan calling for a constitutional convention. The peninsula would be divided into districts, each populated by 200,000 people and each choosing one representative to the convention in free elections. These would be internationally supervised by a panel of countries, perhaps neutral, acceptable to both North and South Korea.

7. This plan immediately drew the fire of the South Korean Representative, Yang, who said that the constitutional authorities and sovereignty of the ROK must at all times be upheld. The Philippine proposals by-passed the United Nations, which had already supervised elections in his country. Johnson backed him up strongly and took the position that any international supervision of Korean elections should be United Nations. The Filipino replied that the Communists were not represented on UNCURK and that we should now devise some form of supervision which could be acceptable to them. Johnson defended the basic question as being how far we could move towards the Communists and answered it by saying that we could not abandon the point of United Nations supervision. If the Communists accepted free and proportional elections, they would accept United Nations supervision.

8. It then dawned on both Johnson and Yang that the Philippines was scheduled to speak in the general debate that afternoon. The Filipino confirmed that their statement would outline the plan he had suggested. Johnson attacked the plan from another angle by saying that a constitutional convention gave rise to quote enormous problems unquote such as the setting up of a new administrative structure while the present one was still in existence and then trying to effect the transfer of authority to the new organization. After a further bitter exchange during which Yang asked if the Filipino would accept a demand by the Huks for a constitutional convention, the Philippine representative agreed to defer their statement until Monday and to review the matter with his minister.

9. Critchley of Australia who has been maintaining close contact with the ROK delegate, tells us that they are operating under very narrow instructions which still preclude them from accepting elections other than in North Korea.

39.

DEA/50069-A-40

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

TELEGRAM 29

Geneva, May 3, 1954

SECRET

Following from the Minister, Begins: On Friday Livingstone Merchant asked if he could see me. We talked for an hour. He was in a very gloomy and depressed state of mind over conference developments. In so far as Korea is concerned the United States and United Nations had received little support from their friends against attacks made by the Communists who had to some extent succeeded in making it appear that it was the United States against the Communists with the rest of us, more or less indifferent in between. This he felt would create a very bad impression in the United States and in Asia. He mentioned specifically that in the general discussion there had been no speech from a European delegate or from us. I replied that I though he exaggerated the effect of the Communist speeches on international opinion, but he disagreed. I also emphasized that our non-participation in the debate was dictated merely by our anxiety to get down to the work of negotiation; also because we had [doubts] about the initial position taken up by South Korea and the United States in regard to unification plans and therefore did not wish to give the appearance of opposing these proposals by ignoring them in a public statement. Merchant said that we need not worry about this, because it was only an initial position anyway and they would not mind if we ignored it in public statements.

2. I told him that I would have a word with Eden and that while we thought their worries exaggerated on this score I could make a statement on Monday if that seemed desirable.

3. As it happened while Merchant was talking to me, Dulles was talking to Eden on exactly the same lines. We both, therefore, are considering interventions on Monday or Tuesday which we hope may give some solace and comfort to our friends.

4. Merchant was even more gloomy about Indo-China. He felt that the differing views and the growing confusion was putting a severe strain on the alliance. I agreed, but said that the confusion emanated in part I thought from Washington where views seem to change from day to day with Nixon, one week hinting at the necessity of sending troops while President Eisenhower and others were giving assurance that American boys will not go to the jungles of Indo-China and that what is required now is a *modus vivendi* with the Communists along the lines of that worked out in Europe. French weakness and uncertainty added to the confusion while the perplexing nature of Franco-American moves last week-end had played its part.

5. Merchant gave me the American accent of these moves and assured me that they really were in response to feverish and excitable French pleas though he agreed that the intervention of Admiral Radford had not been very wise and might have been the source of legitimate British fears. Their real complaint against the United Kingdom was not that it had been unable to co-operate last week-end but that London had refused to keep on building up Mr. Dulles's bargaining position at Geneva by agreeing to a meeting of the "10" before the conference opened to discuss Southeast Asian security questions. That would have made quite an impression on the Communists.

6. I then gave him the British side of this case; that Mr. Dulles should have been willing to stand on the London communiqué and that his move to follow that up by a meeting of the 10 before the conference had been premature and would have had a bad effect not only on the conference but on free Asian public opinion.

7. We then discussed possible solutions for ending the Indo-Chinese war but nothing new emerged, except a restatement of the American position against any form of partition and an indication of their suspicion that the British were now active in promoting this idea, something which I do not believe to be the case though along with every other possible way out of the difficulty it is being canvassed by the United Kingdom and indeed by other delegations.

8. I think it is safe to say that Merchant was sent by Mr. Dulles to talk to me along the above lines though he indicated that the visit was a personal idea of his.

9. I was glad to have this talk with Merchant because it gave me an opportunity to emphasize to him our desire to assist in any possible way and to avoid any position which would suggest that we were indifferent to United States difficulties or less than anxious to co-operate in overcoming them.

DEA/50069-A-40

40.

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

Geneva, May 3, 1954

TELEGRAM 31

CONFIDENTIAL

PRELIMINARY CONTACTS WITH CHINESE COMMUNISTS

Chinese Communists who knew Ronning in Chungking and Nanking have been very cordial in personal contacts. Wang Pin-Nan, Secretary General of their delegation who frequently visited the Canadian Embassy in China in 1946-47, shook hands with Ronning on the first day and greetings were exchanged in German, indicating relaxation regarding exclusive use of Chinese. Ronning also shook hands with Chou En-Lai and exchanged a few pleasantries. Subsequently, Mr. Wang approached Ronning expressing the wish of Chou to meet the Canadian Min-

ister. The meeting took place casually on the following day after the meeting, and the two Ministers spoke very briefly. After this meeting Wang again approached Ronning and in a fairly lengthy conversation referred to the unofficial negotiations which had been conducted in May 1950, regarding exchange of diplomatic missions.[13] The Canadian Prime Minister's recent statements in the Far East had been regarded as statesmanlike by them. Wang was politely informed that no consideration of this question was being given by the Canadian Government nor could be until after an acceptable peace had been reached in Korea ending the conflict in which Canadian troops had participated. Wang said that he understood and expressed hope that a settlement would be reached during this conference.

2. The Commonwealth Foreign Ministers have expressed the opinion that it is desirable to have such informal interchanges. Mr. Casey has expressed a desire to meet Chou En Lai. Mr. Kenneth Young who was with Arthur Dean in Panmunjom has informed us that he has exchanged pleasantries with the North Koreans who had been so completely unapproachable when they sat across the table from him in Panmunjom, but he has found the Chinese who were there unapproachable, including Huang Hua who has also avoided greeting Ronning although he was the first representative of the Peking Foreign Office in Nanking after Communist occupation.

41. DEA/50069-A-40

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

TELEGRAM 33 Geneva, May 4, 1954

SECRET

KOREA

Allen of the United Kingdom delegation has given us a report of the second session held Saturday afternoon May 1 by the Heads of the United States, United Kingdom, USSR, French, Chinese, North and South Korean delegations.

2. By agreement in advance Eden presided. Dulles produced a proposed agenda which merely mentioned the five major headings:

Election withdrawal of forces etc. The two Koreans were invited to speak. Pyun reserved his right to speak and Nam Il set out on a forceful recapitulation of the points he had made in plenary session. He was supported by Chou En-Lai and Molotov. Allen said that what was most notable in the three presentations, was the common insistence on the fact that this conference had nothing to do with the United Nations, that the United Nations was not a neutral and that by "the aggressor resolution" the United Nations had forfeited any moral right to act as mediator

[13] Voir/See Volume 16, Document 1021.

or arbitrator. At the very end, Pyun took up his right to speak and set out firmly the arguments he had previously made.

3. Eden and Dulles endeavoured to bring the meeting down to some concrete subjects, such as the nature of supervision, but without much success. It was agreed that nothing would be said to the press except that the meeting had taken place. No objection was raised when Dulles said that the other members of the conference would have to be informed of what took place. At the conclusion of the session Dulles said it had been a useful exchange. No specific plans were made for a further meeting but Eden indicated that they would consider reconvening after the plenary statements had been concluded. The tone of the meeting seems to have been reasonable. Allen described it as "not an angry session". The 16 are to meet this morning to receive a report. It remains to be seen whether the participants can if these secret sessions continue resist for long the hordes of frustrated and importunate journalists encamped hereabouts.

4. In the meantime a small British, French and American drafting group is trying to hammer out a series of initial proposals which might be put forward by the 16. This would represent our first position, and would not make many concessions although it might call for elections in the whole country as almost all of the 16 are unhappy about the American and South Korean position on that subject. Nothing is being said about the tripartite drafting as it is hoped that the Americans would have a better chance to sell the end product to the South Koreans if they believe it to be all-American. Delegates on our side are becoming increasingly aware of the impression caused by our failure to produce concrete proposals, and it is hoped that these can be agreed upon soon. We shall probably have to stretch out the general debate, however, for several days before we can find even an initial position acceptable to the South Koreans and the Americans on the one hand, and on the other hand for example to the Philippines who have somewhat surprisingly turned out to be our left wing. (Magsaysay's anxiety to work his passage back as a good Asian may turn out to be a not unimportant political factor at this conference).

5. Eden and Bidault have not yet decided to speak. Eden does not want to commit himself at this point and Bidault is not much interested in Korea. I have preferred not to make a statement either in the hope that we could all get down to business sooner if the general statements were limited. However, the Americans have made so clear to us their disappointment with their friends for not declaring their support that I shall probably make a brief statement on Monday or Tuesday refuting some of the grosser slanders against the United States and asking Nam Il a few questions related to his proposals.

42.

DEA/50069-A-40

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

TELEGRAM 34

Geneva, May 4, 1954

SECRET

MEETING OF 16, MINISTERIAL LEVEL, AT AMERICAN HEADQUARTERS

Bedell Smith presided, and Eden presented a brief account of the restricted meeting held on Saturday afternoon, a report of which has already been sent to you. The only additional information given by Eden was that the Communists insisted upon complete equality of the North and South Korean Governments. They were also opposed to the creation of any buffer or neutral zone, after unification. Eden summed up his impression by saying that the meeting had been useful in showing where each side stood, although it did not bring the two sides any closer together.

2. Bedell Smith gave as his first impression of the restricted meeting that the Communists were resorting to their traditional technique. He had not expected to hear such charges against the United States expressed so vehemently, and stated that he would never allow such falsifications to go unanswered. He solicited the support of all delegates present to give effective answers. The Communists had made a serious and grave challenge to the United Nations which had been assaulted violently. He considered this a greater issue than Korea. The integrity and future of the United Nations called for vigorous defence. The United Nations must not be considered a belligerent.

3. I referred to the Communist technique of all speaking with one voice. So far we have been unable to do this as we have not yet agreed upon specific concert proposals. The sooner this is done the sooner can we put the Communists in a defensive position, such as that into which we have already been forced. Webb and the Philippine Minister pressed for early agreement on the proposals being worked upon by the committee of nine. It was evident that Alexis Johnson's hesitation in announcing the probable date when these proposals would be finished was due to the fact that they were now being given consideration by ROK, through Mr. Pyun, and that some time would be taken before ROK's support could be obtained. A sub-committee of three (U.S.A., United Kingdom, and France) have now agreed on a draft which will be submitted to the committee of nine before consideration by the sixteen which cannot very well take place before Friday.

4. The Philippine Minister took sharp issue with Mr. Pyun charging that his demand, that we should now devote ourselves to studying the Communist's proposals in order to counter them, was a negative approach.

5. When Lord Reading suggested that some time would have to be devoted to the question of Indo-China this week, Mr. Pyun immediately expressed his misgivings about introducing that question. He feared that there would be a demand to count

only those days devoted to Korea in the total of 90. This would prolong the conference beyond the 90 day limit which he seemed to assume would be the maximum time for the conference.

6. At the conclusion of the meeting Bedell Smith took the position that we must emphasize that this conference was based on United Nations decisions and that we were here to carry them out. He apparently had not been informed of Dulles' statement at our first meeting which emphasized that this conference must by no means be considered to be under the auspices of the United Nations, but had been called entirely as a result of the Berlin conference.

DEA/50069-A-40

43.

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

Geneva, May 4, 1954

TELEGRAM 36

Copies of my speech in today's general debate are going forward by air mail. Following are excerpts:

The Canadian Government has supported and remains bound by these United Nations decisions, therefore we cannot support any proposal which denies their validity or which would equate at this conference the moral and political status of the United Nations in respect of the Korean question with those governments which have broken the United Nations Charter by taking aggressive military action against the Republic of Korea. The right to be free does not include the obligation to be Communist and Asia for the Asians is not the same as indeed is the opposite of Asia for the Cominform. It would be no contribution either to Asian peace or prosperity, independence or dignity if the Japanese East Asian co-prosperity sphere were exchanged for the Chinese East Asian co-Communist empire.

In their speeches to this conference, the leaders of the delegations of the Soviet Union and the Peoples' Republic of China have attacked the United States for a policy of aggressive imperialism in Asia which they allege stands in the way of freedom for the Asian peoples. As the leader of the delegation of a country which is a neighbour of the most powerful state in the world, I can say with a conviction based on our national experience that the people of the United States are neither aggressive nor imperialist and it is the people of the United States that freely elect their governments. If indeed the United States did not respect the rights and interests of others, Canada would not today be an independent power but merely a satellite of her great neighbour. Her representatives would not be able, as they certainly are able to speak their own minds and stand up for their own views in conferences of the nations even if this means, as it has more than once meant disagreeing with some aspects of the policy of the United States of America.

In his second statement made yesterday, Mr. Chou En-Lai brought up the question of prisoners of war. It is difficult to understand why, if he is sincere in his

desire to press forward with a peaceful solution of the Korean problems. If the Geneva Convention is cited by the leader of the Chinese delegation I would remind him of the thousands of South Korean prisoners who disappeared without a trace shortly after capture, of the failure to account for many United Nations prisoners, of the refusal to allow the Red Cross to visit them or to give information concerning them, of the cruel treatment and torturing interrogations to which many of them were subjected. Certainly, if this question were raised for discussion at this conference, there would be much to talk about but the net result would be merely to delay and possibly prevent the work we have come here to accomplish, namely, to bring peace and freedom to a united Korea.

While, Mr. Chairman, the questions I have been raising are all important, our primary concern at this conference is a peace settlement for Korea. On that subject the leader of the North Korean delegation has presented a number of proposals which have been endorsed by the delegations of the Peoples' Republic of China and the USSR. Those proposals have not, however, been adequately defined or explained. The first point concerns the method of selection and operation of the proposed All Korean Commission. The question on this point which I had intended to ask was answered yesterday by the leader of the delegation from North Korea. He said that his proposed All Korean Commission must be simple in its organization and function in all matters procedural and otherwise by agreement on both sides. We know from long and bitter experience what this means. It means that the All Korean Commission would operate as the Communist members wished or not at all. This device of agreement on both sides, irrespective of the number of members or the number of people represented, would, if nothing else, make the All Korean Commission completely unworkable, unfair and unacceptable and that Commission seems to be a central and vital part of the North Korean proposals.

There are one or two other questions about these proposals that occur to one. What is meant by the largest democratic, social organizations in South and North Korea? Does the word democratic exclude anti-Communist or non-Communist organizations? How would the representatives of these democratic social organizations be chosen for the All Korean Commission and would there be an equal number from North and South Korea? Does the phrase "terror groups" mean anti-Communist political parties? Furthermore if no United Nations or other impartial international supervision of Korean elections to ensure that they will be free is permissible — as Mr. Nam Il states, how can this freedom be guaranteed in districts where bitter animosities and fears and local tyrannies would make impartial Korean supervision quite impossible?

It is clear, Mr. Chairman, that the most superficial examination of the North Korean proposals shows that they provide no hope for bringing about a free united and democratic Korea. Such hope lies in the acceptance by this conference of the principles laid down by United Nations resolutions for the solution of this problem, principles accepted by the vast majority of the nations of the world. These provide for a union of all the Korean people under a government chosen by those people. This United Korea will need some international guarantee against aggression. It will also require and be entitled to economic assistance from other countries to repair the cruel devastation and destruction of war.

Before concluding, Mr. Chairman, I would like to refer briefly to the interesting and significant communication which we have received from the Conference of Asian Prime Ministers which has just met in Colombo. This represents an important and constructive effort by a group of free Asian states to assist in, and, I hope, take some responsibility for the peaceful settlement of Asian problems in their part of the world.

As the communication deals primarily with the question of Indo-China I do not wish to make any detailed appraisal of the recommendations it contains. I would, however, like to call attention to the importance attached by these Asian leaders to the role of the United Nations in furthering the peaceful purposes of this conference, particularly in respect of Indo-China. If these peaceful purposes are not achieved by a just, honourable and negotiated settlement, the consequences will be bad and probably far reaching. Failure here may well necessitate further collective consideration by those who, as a result of such failure, will feel increasingly threatened of further ways and means to meet that threat. This in its turn may harden and make more dangerous the great and tragic division in the world which now exists. The reward for success at Geneva will be great in terms of peaceful progress but the penalty of failure may be even greater in terms of increasing tensions and the risk of a war which would engulf and destroy us all.

You might consider whether last paragraphs should be passed to New Delhi.

DEA/50069-A-40

44.

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

Ambassador in United States
to Secretary of State for External Affairs

Washington, May 5, 1954

TELEGRAM WA-776

CONFIDENTIAL. IMPORTANT.

Repeat Permdel No. 113; Paris No. 11; Delegation to Geneva Conference No. 4.

GENEVA CONFERENCE

Ward Allen of the State Department has just telephoned to express the Department's appreciation for the speech which the Minister delivered yesterday. The United States delegation, in cabling a lengthy summary of the speech, made the observation that its net effect had been to strengthen the broad basis of allied unity, which had become somewhat battered. The delegation added the comment that the Minister's analysis of the North Korean plan for unification was particularly effective.

45. DEA/50055-B-40

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

TELEGRAM 39 Geneva, May 6, 1954

CONFIDENTIAL

CONVERSATION WITH WANG PIN-NAN

Ronning lunched with Wang Pin-Nan yesterday to obtain consideration for Canadians in Chinese prisons. Mr. Trevelyan, United Kingdom Chargé in Peking, had already informed Chinese Communists that Ronning would like to discuss Canadian cases with them. The conversation took place entirely in Chinese.

2. Wang spoke at length on the subject of great progress made in China under new regime which had introduced new reforms and elevated the standard of living of the people. He invited Ronning to return to China to see for himself. Wang was given a report of the great progress in Canada in recent years which had benefitted Canadian people and Ronning invited him to come to Canada to see for himself how well off Canadians were.

3. Wang again referred to importance of establishing diplomatic relations and was told that their failure to accept United Kingdom recognition prevented many others from considering the problem. Wang replied that the United Kingdom had failed to support them in the United Nations and that there were a number of other minor issues, which he did not specify, that still stood in the way. He agreed, however, that these issues could be cleared up more easily when Peking sends an Ambassador to London.

4. The discussion then drifted to the issues at stake in the conference. Wang felt that the differences on the question of the scope of the elections could be resolved in the light of Mr. Casey's appeal to the South Koreans to agree to elections throughout Korea. On the question of withdrawal of troops, however, he feared that the Americans would not consent to release the foothold which they had in Korea which provided a base for them to carry out their designs to bring about a collapse of the Peoples' Government. He was assured at this point that the Americans were just as anxious to withdraw their troops from Korea as the Canadians were and that there was no doubt about Canadian desire to withdraw troops as soon as the situation in Korea made it feasible. He was also told that our side was not opposed to the principle of withdrawal of troops and that if the Chinese were prepared to withdraw their troops from North Korea that the question surely could be resolved by an agreement for some sort of withdrawal by stages. On the question of supervision of elections Wang stated it was very important to leave this matter to the Koreans themselves to settle so that their own freedom would not be interfered with by outsiders. He was informed that it was not the intention of our side to interfere with the affairs of the Koreans but that in order to ensure free elections to protect the

rights of the Koreans themselves, our side would stand firm on the question of supervision. Ronning then said to Wang "surely the Chinese, who have always attached importance to the calling in of a middle man to settle disputes and not to interfere with the rights of the contending parties, would understand the absolute necessity of supervision by a third party so that free elections could be a reality in Korea". Wang smiled and said he would not argue against the analogy.

5. In again referring to the importance of establishing diplomatic relations between Canada and China, Wang said there were no outstanding differences between our nations and no insoluble problems. Ronning agreed that after a peace settlement had been reached that other issues could no doubt be resolved. The Canadian people were very sensitive about the ill treatment which had been accorded to many Canadians in China by the new regime. Three Roman Catholic priests at least were still being held in prison and another had for three years been denied an exit permit to leave Shanghai to return to Canada. This was a matter of grave concern not only for the Roman Catholic population in Canada, which comprises about 40 percent of the total, but for all the people of Canada and the Canadian Government. It was suggested that if Peking was sincere in resolving differences it would be wise action on Wang's part to recommend to his government to free these priests and permit them to return to Canada. Wang said he fully understood and gave his assurance that he would see that an investigation was made of the possibility suggested, if the names were submitted to him. He was then given a list of the names and he again promised consideration would be given to the matter.

DEA/50069-A-40

46.

Note du secrétaire d'État aux Affaires extérieures pour le chef de la Direction de l'Extrême-Orient

Memorandum from Secretary of State for External Affairs to Head, Far Eastern Division

Geneva, May 8, 1954

I would be glad to have the comments of Mr. McGaughey and yourself on the attached points, which I scribbled yesterday afternoon at the session.

After you have examined, amended and added to them, we might then see to what extent the Communists have, up to the present, succeeded in achieving the aims in question.

L.B. PEARSON
per J.W. H[olmes]

[PIÈCE JOINTE/ENCLOSURE]

Geneva, May 7, 1954

COMMUNIST AIMS

1. To divide us from, and isolate the United States.

2. To strengthen the prestige and position of Communist China.

3. To establish that the two sides to the Korean conflict are on the same basis at this conference, and that the United States, not a discredited United Nations, is one side.

4. To rule out and get acceptance for the idea that Asia for the Communists is the same as Asia for the Asians — a Communist Asian Monroe doctrine.

6. To propagandize the idea that Communist in Asia means national, economic and social freedom.

7. To accustom us to the idea that Asian problems cannot be settled, let alone negotiated, without the Chinese Communists participating.

8. To solidify the Moscow-Peking axis, at least in the eyes of others.

9. To take over Indochina, *or* to keep the war going there as a weakening and dividing issue for the free world.

10. Notwithstanding the above (9), to pose as the champions of peace, and convict the United States as the intransigent and uncompromising war-mongers.

47. DEA/50069-A-40

Note du chef de la Direction de l'Extrême-Orient pour le secrétaire d'État aux Affaires extérieures

Memorandum from Head, Far Eastern Division, to Secretary of State for External Affairs

CONFIDENTIAL Geneva, May 10, 1954

COMMUNIST AIMS AT THE GENEVA CONFERENCE

In your memorandum of May 8, a copy of which I attach, you requested comments on your ten point list of Communist aims at the Geneva Conference.

2. I attach a statement we have prepared which attempts to distinguish between Chinese Communist objectives and those of the Russian Communists. Although our format is different, it covers the various points you have raised.

3. Only a small portion of the attached statement is devoted to Soviet aims. This is because we have sought to limit our consideration to immediate Soviet objectives here, rather than to outline those of long standing duration. It may be that Mr. Holmes will wish to supplement or amend this section of the statement.

4. You have asked to what extent the Communists have succeeded in achieving their aims. In our opinion the very fact that the Conference has been convened

carries the Chinese Communists a long way towards their goal of acceptance as a great power and points up the primacy of their position in Asia. The two most combustible problems of Asia are Korea and Indo-China, and this Conference by meeting recognizes the importance of Chinese participation in their consideration. This important development is not clouded by Mr. Dulles' ignoring of the Chinese Communists here.

5. Moreover, the extent to which the press has given prominence to the Chinese role at the Conference seems to us a good criterion for measuring the latter's world importance.

6. In so far as the importance of Communist China in the world balance of power has gained acceptance here, the importance of the Chinese Nationalists has declined. It is difficult to picture the representatives of the latter henceforth playing any important part in U.N. deliberations.

7. The Soviet Union has so far followed a policy of deferring to the Chinese at the Conference and of being reasonable on procedural matters. This course of action has tended further to point up the importance of the Chinese Communists.

C.A. R[ONNING]

[PIÈCE JOINTE/ENCLOSURE]

Geneva, May 10, 1954

CONFIDENTIAL

CHINESE COMMUNIST AIMS

1. *To be accepted by the world as a great power — one of the "Big Five".*

In moving towards this objective Communist China must tactically seek to counter both the U.S. and the U.S.S.R.

The United States — the greatest power — stands four square against general recognition of the Peking regime and its admission to the United Nations. Thus to establish themselves as a world power the Chinese Communists must seek to win away from the leadership of the United States on these matters as many members of the free world as possible. Any success they might have along these lines will serve to strengthen both their prestige and their international position. Since the Communist world is divided into two parts and the Chinese part is Asia, it is to be expected that the Chinese will concern themselves particularly with Asian problems. Their power is in Asia, so it is basic to their desire to be recognized as a great power that no Asian problem should be considered without them.

Until the Geneva Conference, the Soviet Union has spoken for the Peking regime in world councils. The latter cannot become the "Big Fifth" unless it can get away from needing the Soviet Union as its spokesman and unless it can reduce the extent of its dependency on the U.S.S.R. for the trade necessary for industrialization and military installations.

2. *To set the stage for (a) the establishment of diplomatic relations with Western nations, and (b) admission to the United Nations and replacement of the Nationalists in the Security Council.*

(a) Diplomatic relations with the West can foster trade. Through trade the Chinese Communists can build up their country and free it from its present dependency on the Soviet Union. Probably the principal reason the Chinese delegation have gone out of their way to be cordial with non-Communist diplomats and correspondents is their desire to encourage the better relations conducive to international intercourse — diplomatic and commercial.[14] Their attitude towards non-Communist foreigners is a reversal of that which they adopted on first coming to power.

(b) If Communist China were to replace Formosa as the representative of China in the U.N. Security Council and General Assembly, that development alone could be interpreted as international acceptance of Communist China as a peace-loving nation as required by the Charter. Thus it could be argued that China had in fact purged itself of aggression and that the new situation, now revealed, would make previous United Nations Resolutions and decisions on Korea obsolete. Moreover, U.N. membership would enable the Chinese Communists to meet the United States as an equal in the international forum, nor would they be dependent upon the good offices of the Soviet Union to be heard in the United Nations.

3. *To keep the peace in Korea.*

The Chinese Communists would, of course, wish to have a Korea unified in their favour, but if this is impossible, they would probably be prepared to keep the armistice agreement for the reason that a renewal of the conflict in Korea would undermine their whole position, vis-à-vis the winning of recognition as a great power. Moreover, they have cause to fear that renewed fighting would not be limited to the Korean Peninsula and in such event their industrial installations in Manchuria could be destroyed.

It is not inconsistent that the Chinese should try to discredit the United Nations on the one hand, and seek admission to this organization on the other. In their eyes the United Nations is discredited basically because it accepts as representatives of one of the world's great powers the "Kuomintang Remnant Clique". Their fears that the United States has designs on their territory are genuine. Moreover, they seek through convicting the United States of intransigence and war mongering to win the initiative in their struggle to achieve their aims in spite of the United States.

4. *To halt the war in Vietnam.*

It is difficult to imagine any possible form of settlement in Indo-China which would not be eventually of advantage to the Vietminh directly and to China indirectly. In Indo-China time is on the side of the Communists. It is not unlikely that they would accept a settlement by which that part of Vietnam, which was formerly under the Chinese Empire, would fall into their orbit. However, it is doubtful that the Vietminh would be satisfied with this.

The Chinese might prefer to keep the war going in Indo-China on the former basis. However, the United States has given them ample reason to believe that this

[14] Note marginale :/Marginal note:
and to separate them from the USA [L.B. Pearson]

cannot be the case. The present aim of the Peking regime might therefore be to curb Vietminh ambitions to the extent necessary for China to avoid becoming involved in a war with the United States.

5. *To ally the fears of their non-Communist Asian neighbours.*

In Asian countries which have become Communist — Mongolia and Tibet, etc., the Chinese have, of course, an interest in developing and gaining acceptance for the idea that Asia for the communists is the same as Asia for the Asians. However, in non-Communist Asian states, such as India, Indonesia, Burma, Ceylon and Japan, the Chinese Communists are seeking to develop the ideas of co-existence and of Asia for the Asians. Here they are appealing to a common Asian bond, which bond has been strengthened over the years by Western domination of Asians. Feelings against Imperialism and Colonialism are very strong in these states. In India there is no evidence of Chinese help for the local Communists. Indeed, the Chinese Communists seem to have adopted the same attitude towards Indian Communists as the Russians did towards the Chinese Communists. The Soviet Union only extended aid of importance to the Chinese Communists after they had won control over the mainland. In Japan, the Chinese are interested in improving relations generally and in fostering trade. Their first goal is to pry Japan loose from its dependency on the United States and then to profit from the resulting situation.

While in Asia the United States seems to be trying to force the countries there into line, the Chinese Communists have given[15] the impression that they are prepared to let such states play an independent role so long as they do not join forces with the United States.

6. *Russian Communist Aims.*

To retain China in its orbit

The Soviet Union is faced with the problem of curbing Chinese ambitions resulting from the energies released in the successful Chinese revolution. The Chinese desire to become a world power and the intransigent position they have adopted may well be regarded by the Russians as a danger to their policy of easing world tensions.

However, the Russians cannot give this impression to the Chinese. Thus, in Geneva, Molotov has tried to make procedural arrangements as smooth as possible. He has brought the Chinese Communists along with him. As the Conference develops the Russians may be expected to abstain from taking the initiative in the matter of proposals. Rather, they might be expected to support Chinese and North Korean proposals in Korea and Chinese and Vietminh proposals in Indo-China. Behind the scenes they might use their influence with these administrations to soften their demands and to urge on them that in Asia time is on their side and that there are other means of achieving Communist goals which might be more effective than military action.

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[15] Note marginale :/Marginal note:
are attempting to [L.B. Pearson]

The U.S.S.R. does not want the Sino-Soviet treaty of friendship and alliance put to the test at this time. If China resorts to war, the Soviet Union must either fulfil its obligations under the treaty and thus run the very grave risk of a third world war, or abandon the treaty and China, with all the important balance of power connotations of such a decision.

C.A. R[ONNING]

48. DEA/50069-A-40

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

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

CONFIDENTIAL Geneva, May 12, 1954

COMMUNIST AIMS AT THE GENEVA CONFERENCE

I am inclined to agree with all ten of the Communist aims which you have enumerated. The only additional aim which I would suggest is one about which we cannot be certain, but which, if it is in fact true, is probably more important than all the others. This is the aim of reducing world tension and establishing a *modus vivendi* with the Western Powers. This is clearly what Mr. Molotov has been implying in his conversations with Mr. Eden. His statements seem to mean that the U.S.S.R., like at least some of the Western Powers, is anxious to stop whatever fighting is still going on between Communists and non-Communists if that fighting is likely to spread dangerously. Obviously one cannot base one's conclusions solely on what Mr. Molotov has been saying, and it would be foolish to rule out the possibility that Molotov is deliberately trying to put us off our guard. It would be just as foolish, however, to assume that he doesn't mean what he says, particularly when there is a great deal of additional evidence to support this conclusion.

2. Even though there have been some curious swings in Soviet policy since the death of Stalin, it is possible to see some constancy in the desire to eliminate the more extravagant aspects of their national life and the anxiety to avoid living too dangerously. To say that the Russians have not given up their ultimate aims but have merely adjusted their timetable, is irrelevant to a consideration of their immediate intentions. There have been periods of restraint and consolidation before in Bolshevik history, and this may well be another. I think we ought not to underestimate also the effect on Russian thinking, and perhaps also Chinese, of recent developments in hydrogen bombs. If, as we believe, American power in this field is still greater than that of the U.S.S.R., the Russians have even stronger reasons that we to be worried about small wars which might develop into big wars. This is, in a sense, not a new element, but the really frightening developments of the past few months may well have been sufficient to prod the Russians into a desperate anxiety to find some policy of getting on with the Western world. It is frequently suggested that this cannot be the case, as they have shown no willingness to make any major concessions. The answer, I think, is that they do not estimate the relative power

position at the moment to be such that they need make any concessions. What they are prepared to give up is further conquest by force. As for fluid situations such as Indo-China, they will struggle to obtain a settlement on the best possible terms.

3. I agree with Mr. Ronning and Mr. McGaughey that it is important to differentiate between Soviet and Chinese aims. This is not to suggest that the axis is about to crack, but there must be differences at least of emphasis, as there are clearly differences of interest. My inclination is to think that the difference of emphasis is probably not very different from what it appears to be in Geneva — in other words, that the Russians are in fact the mediating and cautious influence Molotov appears to represent. The Chinese and the North Koreans may well have some of the brashness and belligerence of youthful movements and some of the irresponsibility of people who have not had to assume a world role. The Russians are now elder statesmen who have to direct a course with many ramifications in all parts of the world, who have learned the importance of caution and who have probably, in spite of their own peculiar myopia, a better understanding and knowledge of the United States and its friends than have their isolated Asian associates.

4. The only part of Mr. Ronning and Mr. McGaughey's memorandum with which I would differ directly is the section on page 4 dealing with the Indian Communists. It seems to me unwise to compare the position of the Indian Communists with that of the Chinese Communists just because the Chinese Communists have left them alone. The important thing is that the Russian Communists have not left the Indian Communists alone. The Indian Communist Party has been under close Moscow control and that control has sometimes been expressed in such things as the hiring and firing of leaders quite as crudely as it has in any of the European Communist parties. It may be that the Indian Communist movement developing in the south has some of the indigenous elements of the Chinese Communists, but for the most part I think the Party itself is still as much as a satellite and alien agency as Communist parties in other parts of the world.

J.W. H[OLMES]

DEA/50069-A-40

49.

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

TELEGRAM 63

Geneva, May 12, 1954

SECRET

Repeat London No. 20; Washington No. 2.

KOREA

Some of us have been pressing hard for a meeting of the 16 to discuss our own proposals for a Korean settlement and for a report on the attitude of the Republic of Korea.

2. I put our anxieties at present delays to Bedell Smith last night and he added to these anxieties by indicating that they were not making much progress with Syngman Rhee; that we might have to forego any plans of our own, merely rejecting those put forward by the Communists. He agreed that this was not a very satisfactory position but thought that it was defensible in view of the attitude taken by the Communists and the undesirability of an open split among the 16. They were still very anxious to avoid that split and hoped to have news from Seoul soon that might be more favourable than that received recently. They were still working on Syngman Rhee.

3. Bedell Smith agreed that we could not postpone a meeting of the 16 much longer and I have just heard that it is to be called for tomorrow morning. The hour has been fixed at 10 to suit my convenience as I will go straight from the meeting to the airport and hope to be in London in time for the opening of the atomic talks later in the afternoon, when general statements are to be made by the five delegates.[16]

50.

DEA/50055-B-40

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

TELEGRAM 71

Geneva, May 14, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Our telegrams Nos. 39 of May 6 and 69 of May 13.†

CANADIANS HELD IN CHINA

Wang Ping-Nan invited Ronning for lunch today to reply to the request made on May 4 on behalf of Canadians held in China. He stated that a telegram had been sent to Peking immediately after the request had been made giving instructions to investigate the cases. He was happy to be able to report now that one of the individuals concerned had already been released and that favourable consideration was being given to the others who would also be released. Ronning thanked him for his efforts on behalf of these Canadian citizens and for his prompt reply.

2. A report of the conversation with Wang will follow.†

[16] Voir/See Document 138.

DEA/50069-A-40

51.

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

Geneva, May 14, 1954

TELEGRAM 72

SECRET

Repeat London No. 23.

KOREA — GENEVA CONFERENCE

Bedell Smith opened the meeting of Sixteen on May 13 making the following points:

(a) Our side could not agree to detailed proposals at this time;

(b) The Communists, and most recently Molotov, had rejected a United Nations basis for the unification of Korea including proportionate free elections;

(c) We should keep the general debate going as long as possible. Since Rhee remained ready to consider any of our proposals, some delegation might state certain principles which we could gradually develop;

(d) ROK Government and constitution founded on United Nations resolutions must not be repudiated.

2. Pyun, who was sharply questioned by Garcia of The Philippines as to the possibility of any ROK flexibility in the issue of all-Korean elections, argued that:

(a) Controversial issues should not be raised nor concessions made at this time;

(b) Since the ROK constitution contained no provision for all-Korean elections, his group would have to solve this problem before it could accept such elections;

(c) The important issue was United Nations supervision of elections.

3. Spaak agreed with Garcia that we were in an unfavourable position and suggested informing the Conference of our support for the principle of all-Korean elections under United Nations supervision and the withdrawal of foreign troops when security was restored. Eden favoured the early implementation of this idea. Smith called for the compilation by the Group of Nine of a statement of principles upon which all the governments concerned would have to agree before they were presented to the Conference.

4. The Minister stated that:

(a) We should rally on positive common ground to prevent world opinion from assessing us with any blame for the failure of the Conference;

(b) If we did not so rally and insisted instead on elections being held only in North Korea and on only Chinese troops being withdrawn it would cause world opinion to attach blame to us for a breakdown instead of placing all the blame on the Communists where it belonged;

(c) All-Korean elections were consistent with United Nations principles;

(d) Agreed principles for Conference consideration should be formulated in a few days.

5. Smith said that if we failed to agree on these principles nothing should be put forward.

6. Although Watt of Australia and Lacoste of France expressed preference for a detailed plan it was finally agreed that the Group of Nine should meet the next day to draft for consideration of the Sixteen a list of minimum basic principles. A more detailed account of the meeting of Sixteen is going forward by bag.

52. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
à la délégation à la Conférence sur la Corée à Genève

Secretary of State for External Affairs
to Delegation to Geneva Conference on Korea

TELEGRAM 57 Ottawa, May 17, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Your telegram No. 72 of May 14.

KOREA

Following from the Acting Under-Secretary, Begins: In view of the present impasse in the discussions on Korea, we have been giving some thought at the official level to the kind of proposals which might be advanced by our side in order to gain the initiative at the conference. The suggestions we have outlined below may be of some use in connection with list of minimum basic principles which the Group of Nine has been drafting.

2. We think that as a minimum, the ROK must withdraw its insistence (a) that elections be held in North Korea only and (b) that Chinese troops be withdrawn and Norea Korean forces disarmed before elections are held. As the Minister has clearly stated, if these two points are not dropped, the blame for the failure of the Geneva Conference will, in the public mind, rest mainly with the United Nations side.

3. If other members of the Sixteen, including the ROK, agree that direct conversations between North and South Korea on elections might be undertaken on the basis of each side retaining veto rights in the talks and full domestic sovereignty until agreement is reached, then you might find the following suggestions provide a basis for an approach to such conversations.

4. In drafting our suggestions, we have endeavoured to safeguard the position of the ROK and at the same time to meet some of the points contained in the North Korean proposals.

5. At this stage it seems to us that in spite of the United States objections to the North Korean proposals (that they call for an equation of North and South Korea and that they make any general election law subject to a Communist veto), two points must be recognized:

(a) Both North and South Korea must be permitted to participate freely in the negotiations for the establishment of an all-Korean state;

(b) In these negotiations, both North and South Korea must retain the power of veto, since unless they agree, no progress can be made.

6. On the basis of these assumptions, our suggestions are along the following lines:

(1) As a first step towards unification of Korea, arrangements must be made for the holding of free elections throughout Korea under observation in accordance with agreed arrangements.

(2) For this purpose, an Election Commission should be set up with representatives appointed by the ROK Government and North Korea to work out an agreement on election procedures within say six months.

(3) An international Advisory Group on election procedures should be set up to assist the Election Commission with technical advice and good offices as and when requested by the Election Commission. The Advisory Group might consist of representatives of e.g. India, Burma, the Philippines, Switzerland and Czechoslovakia.

(4) In working out the free election procedures, the two sides will proceed on the principle of representation in proportion to population (i.e., constituencies or electoral districts will be approximately equal in size by population).

(5) When agreement is reached on election procedures, the Election Commission will make arrangements for the observation of the elections by setting up an Observer Group which would comprise representatives of North and South Korea and of such other countries as may be mutually agreed upon. The Election Commission will inform the United Nations of the proposed composition of the Observer Group and may ask the United Nations for any technical assistance that may be desired for the holding of the elections or for their observation. Observation of the elections would be carried out on the same basis in all parts of Korea where the elections are held.

(6) The Observer Group would commence operations 21 days prior to the nomination of candidates and would remain in operation until all polls had been declared.

(7) Concurrent with the establishment of an Election Commission, a Liaison Group will be established with representatives of North and South Korea to facilitate negotiations on other matters relating to the unification of the country. This group would have the power to seek the good offices and technical assistance of any international organization, any country or countries as might be mutually agreed upon. This group would also draw up an agreed plan for the phased withdrawal of foreign troops from Korea.

7. The suggestions outlined above seem to us to have the following advantages:

(a) Both North and South Korea will retain complete freedom pending agreement on the form of an all-Korean state and on the procedures to be followed in setting up that state.

(b) Western "interference" in the unification process is kept to a minimum and the main task is left to the Koreans themselves, a feature which should appeal to neutral Asian opinion. We can presumably rely on the ROK to look out for their interests and not to call for the departure of United Nations troops prematurely.

(c) The part suggested for the United Nations is sufficiently inconspicuous to obviate strong objections by the Communists; at the same time the minimum United Nations requirement of free elections under international observation is met. The procedure suggested in item (5) will enable the United Nations to take appropriate action to bring its resolutions into conformity with the joint desires of the North and South Koreans. It will be open for the South Koreans to urge the employment of UNCURK in its present form or a modified form in the observation of the elections.

(d) Since any proposal for the unification of Korea must in the final analysis be acceptable to the North and South Koreans, details concerning the constitution of the unified state or the steps that will have to be taken to transfer authority from the two governments to one can be left to the Koreans to work out.

(e) While the Election Commission is functioning, the Liaison Group can, in addition to working out problems concerned with the transfer of authority and the setting up of an all-Korean Government, deal with minor administrative and economic matters which fall outside the scope of the Military Armistice Commission — e.g., movement of mails, communications, commencement of trade, etc. If, as is probable, the Election Commission becomes deadlocked, the Liaison Group could continue to deal with these matters.

(f) The proposals require no immediate change in existing armistice arrangements.

8. We understand that the Australians are considering proposals of a somewhat similar type to those we have outlined.

9. While we have not thought out the full implications of these ideas and while there are numerous details that would need clarification (e.g., What happens after six months of unsuccessful efforts by the Election Commission? How will the armistice machinery be dismantled?) you may find these suggestions of some assistance in your discussions with other delegations. This telegram should be considered as a departmental working paper for the Minister to use as he sees fit. Ends.

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53.

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

Geneva, May 17, 1954

TELEGRAM 80

CONFIDENTIAL

Repeat London No. 31.

KOREA

During the past week, as the general debate became more and more perfunctory, we became increasingly concerned over the impression of paralysis given by our side as a result of the failure of the Americans to bring the South Koreans around to the acceptance of reasonable proposals. The Americans have been conscious of the growing impatience of most other members of the Sixteen but anxious to forestall any evidence of division in our ranks. In spite of the State Department's assurances last month in Washington that our original position need not be our final position, our inability to speak up while Pyun held the floor has resulted in our becoming increasingly entangled in the ROK position with diminishing chances at extricating ourselves. Although our side has been able with some effect to expose the fallacies of the Communist proposals, we have not been able to say clearly what we do in fact stand for. Meetings of the Sixteen were deteriorating into ROK sounding boards rather than opportunities to work for a meeting of minds, and the United States reluctance to convene such meetings was becoming more marked. The Group of Nine had met only once and the Conference Working Group of British, American and French ceased their joint drafting a week or more ago. From time to time there were encouraging sounds from the United States delegation indicating that if we would only have patience Syngman Rhee might give in a little.

2. There is no longer very serious hope that even the most reasonable proposals which we put forward would be acceptable to the North Koreans, although the South Koreans seem to think there is sufficient danger of the North Koreans double-crossing them in this way, that they are reluctant to risk agreeing to anything but the most conservative offers. What has been concerning us, and many other delegations, is that if we fail to reach an agreement on unification, our side will not appear to have made any very great effort to do so. Furthermore, the proposals we put forward here are proposals we may have to stand by for some years.

3. Before the meeting of the Sixteen on May 13 we called a very informal discussion with officials of the Australian, New Zealand, Belgian and Netherlands delegations and found them much concerned along the same line. The British are unhappy but, like the French, inclined to avoid at almost any cost any difference with the Americans on Korea. The Filipinos are champing at the bit and have angered the South Koreans already. Consideration was given at our small meeting

to whether we should seek to put forward concrete proposals to match those of Nam Il or whether we could better minimize our differences with the South Koreans by simply stating the principles, which we consider fundamental and thereby avoiding, if possible, criticizing the South Koreans. The trend of opinion has been in favour of the latter course and Eden has, to some extent, in his speech yesterday in the plenary session taken a public stand on these lines. (Pyun was not happy about the speech and told Eden he could not accept his fourth point — i.e. United Nations supervision of elections by countries not necessarily belligerent.)

4. It was for all the reasons mentioned above that the Minister, as well as Eden and others, persuaded Bedell Smith to call the Sixteen on May 13. The American argument now being given to their impatient allies is that the Communists have so completely repudiated — particularly in Molotov's speech — any United Nations role in a Korean settlement that it is unnecessary for us to worry about stating our own proposals. This argument, however, is not really acceptable. Some concession was made in the Committee of Sixteen by the re-establishment of the Sub-Committee of Nine to try to draft agreed principles "to which we would all agree and from which we would not defect", as Alexis Johnson rather ominously put it.

5. Every effort will be made to reach agreement and to minimize or to blur our difficulties but there must be considerable doubt as to whether a compromise can be reached between positions as difficult as those of the Filipinos and the South Koreans. We may therefore shortly be faced with a difficult decision as to whether it is more important to preserve our unity at all costs or to stand by principles which satisfy our conscience. To break publicly with the South Koreans, particularly if this involved also a difficulty with the Americans, would be something which everyone would want to avoid. The alternative, of course, would put us in an invidious position; our Asian friends and others would accuse us of submitting to American and South Korean dictation. Whatever course we follow would undoubtedly affect future consideration of our policy in maintaining or withdrawing Canadian forces.

54. DEA/50069-A-40

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

TELEGRAM 88 Geneva, May 20, 1954

CONFIDENTIAL

KOREA — GENEVA CONFERENCE

This week, the ROK delegation has approached informally a number of other delegations, including ours, in an effort to win support for the South Korean position at this Conference.

2. The ROK Government is now prepared to accept all-Korean elections provided:

(a) All Chinese Communist troops are withdrawn from North Korea;
(b) The South Korean electorate approve of the proposal in a plebiscite; and
(c) UNCURK is the Agency for United Nations supervision.

3. The ROK delegation has also emphasized the importance of our side maintaining a common front i.e., we should all agree with President Rhee.

4. We informed the ROK representative that, in our view, for them to insist that the Chinese must evacuate North Korea before any settlement was, in the absence of a military victory over the Communists, to insist on the impossible. We explained the importance we attached to our taking a stand here on proposals that our own people and the world would recognize as reasonable even though, as we expected, the Communists would not accept them.

5. An account of our interview with Yang the ROK Ambassador in Washington, is contained in our letter No. 3 of May 19† which went forward in yesterday's bag.

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55.

Le secrétaire d'État aux Affaires extérieures
à la délégation à la Conférence sur la Corée à Genève

Secretary of State for External Affairs
to Delegation to Geneva Conference on Korea

TELEGRAM 67

Ottawa, May 20, 1954

CONFIDENTIAL

Reference: Your telegrams No. 80 of May 17 and No. 88 of May 20.

KOREA

Following from Acting Under-Secretary, Begins: We agree entirely that it is essential that our side produce at least a set of principles which can be advanced at the conference and that the American argument, that the Communists have so completely repudiated any United Nations role in a Korean settlement that it is unnecessary for us to worry about stating our own proposals, is not really acceptable.

2. We have particularly in mind the necessity that will face us at the next meeting of the General Assembly to explain and defend the attitude taken by the United Nations side at the Geneva Conference. It will be most desirable that the stand taken by the Sixteen at Geneva should at the General Assembly command the widest possible support including, if possible, the support of those non-participants in the war with neutralist inclinations. In our view this will not be possible if the Geneva Conference is allowed to terminate without a more positive effort by our side to attain a peaceful settlement.

3. In your telegram No. 67 of May 12† you said that General Smith agreed that reasonable proposals might be made by some delegation which would test out the Communists, and that the ROK delegation could then, if necessary, reserve their position in the unlikely event that the Communists would accept them, or simply

remain silent if they were not acceptable. We believe that this approach should be fully explored, and that if the Americans pursue this idea with the South Koreans the obstacle which the latter now present to initiative by our side might be removed. The Americans might take the line that due allowance would have to be made for the inability of the South Korean delegation to agree in advance to proposals or principles which will involve constitutional changes in the ROK, and that any agreement reached at Geneva on a settlement or on the machinery to work towards a settlement would, of course, be subject to ratification by the Governments concerned.

4. It is now generally known that none of the other delegations supports the stand taken by the South Koreans against all-Korean elections on reasonable terms. If the ROK succeeds in preventing the presentation of an agreed set of principles or proposals for the peaceful unification of Korea, it will certainly appear that the United Nations side has not striven for a settlement. This will have a very serious effect on public opinion, particularly in those countries which maintain forces in Korea. If a concerted effort to impress this point on the United States were made by like-minded delegations at Geneva, it might assist the Americans in persuading the South Koreans to permit the presentation of an agreed set of principles at the conference without the ROK delegation publicly repudiating them.

5. We believe that an agreed set of principles should meet the following criteria:

(a) they should be reasonable

(b) they should meet the legitimate preoccupations not only of the South but of the North Koreans as well

(c) they should be consistent with previous United Nations resolutions

(d) in the event of the collapse of the Geneva talks, they should be defensible at the next session of the General Assembly

(e) they should provide a basis for renewal of talks at a later date.

6. If the ROK will neither acquiesce in nor keep silent on a set of principles drafted by our side, we believe that these principles should nevertheless be presented to the conference. In these circumstances it should be possible to persuade the ROK to state their reservations in a manner which would minimize the appearance of an open break as far as possible. Similarly, in the presentation of the set of principles agreed to by other delegations on the United Nations side, the point could be made that while we do not share the reservations expressed by the ROK, the position taken by the South Koreans is at least more in accordance with United Nations objectives than that of the Communists.

7. It will be appreciated that the preceding represents departmental views only. We have not consulted any minister. Ends.

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56.

La délégation à la Conférence sur la Corée à Genève
au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea
to Secretary of State for External Affairs

Geneva, May 22, 1954

TELEGRAM 91

SECRET

KOREA

At yesterday's meeting of the sixteen, Pyun presented the long awaited proposals on which the South Koreans and Americans have been working for some time, in the form of fourteen points, the text of which has been taken to Ottawa by Mr. Pearson.[17]

2. Bedell Smith said they would all have preferred to put forward firm proposals on which all sixteen were agreed. This was clearly not possible. It was for this reason that the United States had hoped we could confine our proposals to certain principles rather than present a detailed plan. However Chou En-Lai was to speak in today's plenary and the South Koreans felt that they must at this time produce a counter plan of their own. In these circumstances the United States agreed that Pyun should put forward his proposals then. Bedell Smith was prepared at the first plenary session following to give general support to the proposals and he hoped that other delegates would be able to do the same, or at any rate that they would refrain from criticizing them. There were several aspects of the proposals the United States would have liked to alter. They would have preferred that paragraph 2 state that the elections should take place "in accordance with constitutional process of the ROK Government". They would have preferred to combine paragraphs 12 and 13 on troop withdrawal and "fuzz it up a bit" but there was an advantage in putting forward something from which they could "trade down". He emphasized that these proposals were not hard and fast; they represented a starting position for negotiation and it was possible that if the Communists showed any willingness to negotiate some changes might be made.

3. Pyun insisted that he must speak today and that he was bound by his instructions. He had submitted to his government the American suggestion on paragraph 2 and might be authorized to alter it. The holding of all-Korean elections raised a constitutional problem and they could not promise this without submitting the question to the people. It would have to be submitted to the National Assembly, which would decide whether elections in the south were necessary. Paragraphs 12 and 13 provided a very elastic programme for withdrawal. Some nominal difference was necessary between United Nations and Communist forces. Simultaneous withdrawal could be achieved provided even token United Nations forces remained

[17] Voir/See *Foreign Relations of the United States (FRUS), 1952-54*, Volume XVI, Washington: United States Government Printing Office, pp. 278-79.

till the end. He recognized that the proposals would be put forward as South Korean proposals only and that other delegations could, if they wished, make publicly "some small differences". He was sure they were consistent with the general principles other delegations had put forward. If the Communists were willing to discuss these proposals we could talk with them.

4. The Filipinos tried unsuccessfully to persuade Pyun to hold off until the sixteen could agree, a process which would clearly be impossible without further lengthy delays. Eden thought paragraphs 3 to 11 were admirable but was not happy about 2 nor 12 and 13. He preferred the American version of paragraph 2 and thought it better simply to talk about "phased withdrawals on both sides" instead of the specific suggestions in paragraphs 12 and 13. Watt pointed out the impossibility of securing any commitment from his government before the plenary and had some doubts if his government could accept all the proposals but he did not question the right of the South Koreans to ban it. As the inference might be drawn that Pyun's proposals had been approved at this meeting of the sixteen, Watt hoped everything would be done to remove this impression. Bedell Smith suggested Pyun should make clear in his statement that he spoke only for his own government. The Colombians and French wondered if Pyun could at this stage put forward only the first eleven paragraphs, on which we could all agree, but Pyun said the concession of elections in all Korea by his government was dependent upon the amendment of the constitution and the preliminary withdrawal of Chinese troops.

5. Mr. Pearson paid tribute to the Korean and U.S. efforts but said it was difficult to comment in detail without further examination. He questioned the possibility of holding a census and then elections within six months and expressed doubts about paragraph 2. On the question of withdrawal, he recognized the validity of Korean insistence on differentiating in principle between the U.N. and Chinese forces. Nevertheless, we had to produce proposals which would not give the Communists any reason for summary rejection and which would appear sensible to our own people. He suggested the following program which was accepted by the meeting. Pyun should present the proposals as coming from South Korea only and other delegations should refrain from submitting proposals that differed, at least immediately afterwards. Those who felt inclined could give general support to the proposals as a suitable basis of negotiation and might even suggest certain alterations. Thus we could find out whether the Communists wanted to make any concessions. We might suggest either that the South Korean proposals along with the North Korean proposals go to a smaller committee of members of both sides for consideration, or else the committee of sixteen might next week renew its efforts to secure agreement. The advantage of sending the proposals to a negotiating committee would be that we would then appear to have made a serious effort to start negotiations and if these should break off we would find ourselves in a better position in the eyes of the world. Both Bedell Smith and Robertson gave strong support to this proposal. Pyun accepted it in somewhat enigmatic terms.

6. Garcia insisted that differences existed not only on the details of the ROK proposals but on the important principle of withdrawal of troops. Mr. Pearson agreed that there were differences greater than mere details and the position of the Cana-

dian Delegation could only be determined after it was seen to what extent these differences could be ironed out in negotiations.

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57.

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

Geneva, May 25, 1954

TELEGRAM 95

CONFIDENTIAL. IMMEDIATE.

KOREA

There will be a plenary session on Korea on Wednesday at which Bedell Smith will speak. In his present draft Smith devotes most of his attention to defending the United Nations and re-affirming its decisions. After this, he simply concludes by saying that there must be recognition of the role of the United Nations in helping the Korean people to achieve unification, that there can be no lasting peace or security unless an atmosphere of peace and freedom is provided during the process of unification and political settlement, and that in the light of these principles the United States has studied the ROK proposals and thinks that they meet the basic prerequisites which the vast majority of us here support. He therefore, urges their serious consideration. This is his only reference to the proposals.

2. The Americans are trying to line up as many other countries as possible to say a good word for the South Korean proposals on Wednesday. We understand that so far only Colombia, Turkey and possibly Thailand have agreed. Eden is not anxious to speak but possibly might be persuaded to do so. The Australians, New Zealanders and Belgians are most unlikely to agree, but the Dutch might. In our view, it would be wiser for us not to rush into a statement at this point. We should prefer to study carefully what the Americans say and if possible await some reaction to it. There seems a slight danger that if we all rally too strongly at this point, the Americans, or at least some elements in their delegation, might be tempted to seek to break off the negotiations on this note.

3. The South Koreans have been doing their best to remove any impression that their proposals are intended as a serious basis for negotiations by the provocative way in which they put forward their proposals on Saturday and also by holding a press conference yesterday at which Pyun talked pretty wildly. When pressed, he admitted that he was not speaking for the United Nations on Saturday but claimed that his proposals were in agreement with the principles of the other members of the Sixteen. When asked if South Korea would accept a Neutral Nations Commission composed of non-Communist countries like India, Burma, Switzerland and Sweden, he launched into an unbridled attack on India, which he claimed had never been non-Communist, as well as on Burma and Indonesia.

4. Both the Americans and the South Koreans seem to think that they can dismiss without serious analysis the Chinese proposal for a Neutral Commission and Nam Il's clarification on Saturday about equal representation of North and South in the preliminary Commission, but proportional representation in the resultant legislature. To describe these simply as "a couple of double built-in vetoes", as the Americans have briefed the press, seems hardly good enough in view of the built-in veto in paragraph 2 of the ROK proposals and in view of their specious reasonableness. (Chou En-Lai pretty well convinced Krishna Menon that he believed they and the North Koreans had made very real concessions and asked what more our side wanted). If and when we do make another statement some attention might be devoted to smoking out these latest Communist "concessions".

5. As we are approaching a stage which might be preparatory to the suspension of talks for some months or even years, it seems important that we should not take a strong or at least a categorical stand on principles which in unforeseeable circumstances we might wish to abandon. If in a year's time, for national or international reasons, we are more desperately anxious to unify Korea, it seems pretty certain that

(1) We would have to make use in some way of the technique of a Neutral Nations Commission and that

(2) We would have to accept in fact if not in theory that the United Nations, as at Panmunjom, is negotiating as one belligerent with another belligerent which it has not defeated and must therefore treat as an equal in strength if not in virtue. We ought, therefore, to be careful at this time to defend the United Nations and the validity of its decisions, but without insisting that there can be no alteration in its resolutions and without implying that any settlement would have to be one imposed by the United Nations. The formula, "acceptable to the United Nations", is a safer one as, even if we look upon United Nations merely as one party to the negotiations, proposals would have to be acceptable to the United Nations on that basis. We ought also to be careful not to dismiss in principle the conception of a Neutral Nations Commission, although we could clearly attack the very unsatisfactory proposal by the Chinese for such a Commission.

6. Unless you advise us to the contrary we shall not speak on Wednesday. If we were to come in somewhat later in this phase of the discussions, we might be able at that point to introduce your proposal that the South and North Korean proposals be referred to a working group of some kind. It would certainly be too early to suggest this now.

DEA/50069-A-40

58.

Le secrétaire d'État aux Affaires extérieures
à la délégation à la Conférence sur la Corée à Genève

Secretary of State for External Affairs
to Delegation to Geneva Conference on Korea

Ottawa, May 27, 1954

TELEGRAM 76

CONFIDENTIAL

Repeat London No. 706; Washington EX-887; Permdel No. 261.

GENEVA CONFERENCE

I will be speaking in the House tomorrow on the Geneva Conference.

2. The Korean part of my speech will be largely factual and descriptive of what has been going on, with explanation of views on our side and a criticism of plans put forward by the Communists. I expect to state our own principles for a Korean settlement along the lines of the 7 points which we worked out before I left.[18]

3. As to the South Korean proposals, I state that while we have doubts about one or two points, e.g., South Korean veto on elections, and Chinese military withdrawal provisions, nevertheless, they would be acceptable as a basis of discussion. I add the view that these proposals should go to a small negotiating committee, though I hold out little chance for success there in view of the Communist attitude toward the United Nations and to the all-Korean Commission.

4. As to the future, I suggest that the conference, in default of any agreement should suspend, and not terminate its work, with a view to looking at the problem again later when conditions may be more propitious. I suggest that it would be wise for the conference to confirm the armistice as desirable and necessary until a peace settlement is possible. I express my view that as a result of the Geneva discussions, renewal of hostilities in Korea will be less likely, and that this is no unimportant result.

5. The rest of my statement will be devoted to the Indo-Chinese side of the conference, and certain general observations on strengthening of security in Southeast Asia. Ends.

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[18] Voir Canada, Chambre des Communes, *Débats*, le 28 mai 1954, pp. 5491-5499.
See Canada, House of Commons, *Debates*, May 28, 1954, pp. 5185-5192.

59. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures à la délégation à la Conférence sur la Corée à Genève

Secretary of State for External Affairs to Delegation to Geneva Conference on Korea

TELEGRAM 77 Ottawa, May 28, 1954

CONFIDENTIAL

Reference: Your telegrams Nos. 95 of May 25 and 97 of May 26.†

KOREA

I agree that it should not be necessary for you to speak in the plenary debate immediately after Bedell Smith, but I think your intervention should not be postponed for more than a few days.

2. In the meantime, in your discussions with other delegations on our side, it might be worthwhile to urge that the latest Communist "concessions" should not be rejected out of hand and that it would be better tactics on our part to elicit from the Communists more detailed explanations of their proposals as well as some comments on the South Korean proposals. You might also canvass further other delegations on our side on the suggestion that a small working committee be established to study the ROK proposals and the North Korean proposals, too, if that seems desirable. If no other delegation has done so before you speak and if there is general support on our side for the idea, you might include in your speech the suggestion that a working committee be set up to examine the details of the two sets of proposals now before the conference.

3. I agree that it would be most desirable that the Communist proposals be smoked out both in plenary debate and in the working committee if it is established. While I believe it would be unwise to mention at this stage the Neutral Nations Supervisory Commission now operating so unsatisfactorily under the Armistice, I think we should query the new proposal for a neutral commission with all the difficulties of the present NNSC in mind. A number of points in this connection could appropriately be raised:

(a) Whom do the Communists propose to have on such commission?

(b) If United Nations belligerents are to be excluded from membership, will this ban apply equally to Communist China? or the USSR — or any other member of the Communist bloc?

(c) Will the number of members be such that deadlock decisions can be avoided? Or are the commission's decisions to be subject to a veto by any member?

4. If further probing shows the Communist proposal for a neutral commission to be completely spurious as an agency to ensure free and fair elections, the United Nations case will rest on much firmer ground than if the Communist proposals are rejected without examination.

5. Questions put to the Communists need not be confined to the newest proposal for a neutral commission, but could also refer to obscurities in the original North Korean proposals — e.g. Is any time limit to be put on the deliberations of the All-Korean Commission in drawing up an electoral law? Are any principles to be prescribed on which the electoral law would be based? Could the Republic of Korea electoral law be used as a basis for drawing up an all-Korean electoral law? What arrangements are to be made if the All-Korean Commission fails to agree on an electoral law? Fundamentally, is the All-Korean Commission to be an interim Gov't or a negotiating forum? If the former, is it envisaged that it should be subject to veto? Can even an interim Gov't function that way?

6. In discussions with delegations on our side, you might find it worthwhile to explore the possibility of using the "principle of non-intervention of foreign states" mentioned by the North Koreans (your telegram No. 92,† para. 9) as a device to overcome anticipated disagreement with the communists on the question of the withdrawal of foreign troops. We have in mind the possibility that if a neutral nations supervisory commission is agreed upon and further progress is blocked by the problem of the withdrawal of foreign troops, agreement might be reached on an arrangement whereby the neutral commission would ensure that foreign troops remaining in Korea at the time of the elections might be insulated from such contacts with the Koreans as might constitute foreign interference in Korea's internal affairs.

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60.

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

Geneva, June 1, 1954

TELEGRAM 120

CONFIDENTIAL. IMMEDIATE.

KOREA

Bedell Smith and Eden have had a talk about the next stage in which Eden put up his suggestion for going into restricted session. (As our sessions are already supposed to be secret, the term "restricted session" is now being used to mean, one in which statements are not released to the press and there might presumably be some mutual discussion rather than a series of prepared pronouncements for world consumption). Smith said he had been considering a plan by which the conference would go into a restricted session of some kind and emerge with a set of simple conclusions to which both sides would agree to the effect that:

(1) Korea should be unified;

(2) There should be free all-Korean elections;

(3) Foreign forces should be withdrawn;

(4) We had not been able to reach agreement on the time procedure or method of achieving unification. Smith said he had conceived this plan as a result of Krishna Menon's having said to him that if we couldn't agree, couldn't we agree to disagree. He has now sent this suggestion to Washington but doesn't expect a reply until Dulles returns in a day or so from Duck Island.

2. Eden asked Molotov, before he left on Saturday, what he thought about going into a restricted session to see if we could agree on general principles or if not at least agree to disagree. Molotov didn't commit himself but didn't dissent.

3. It seems quite likely that a decision will be taken in a few days on a new phase of the conference. In the meantime no plenary on Korea is scheduled and there are no speakers on the list. We assume you would not want us to request a plenary unless other delegations also want to speak. Although the members of the United States delegation still talk about the desirability of further speeches along the lines of those on Saturday, Bedell Smith indicated that he wasn't too keen on having any more oratory. Our disposition, therefore, would be to withhold any statement until the procedural position is clarified. The points proposed in your telegram No. 77 of May 28 might be more appropriate in a restricted session. To put them forward now could provoke replies and thereby prolong the present highly unproductive phase of the conference.

61.

DEA/50069-A-40

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

TELEGRAM 126

Geneva, June 2, 1954

CONFIDENTIAL. IMPORTANT.

KOREA

We called on Prince Wan this afternoon to ask about his proposals which, so far, seem to have attracted much more attention in the American press than in Geneva.

2. Wan said that he had not made any proposals; he had been talking of possibilities with newspapermen who had reported only part of his ideas. As a co-chairman he was much concerned over the failure to hold meetings or to get on with the Korean discussion. In his view we should hold a meeting of the sixteen as soon as possible and decide to seek agreement at the next plenary meeting, on the holding of restricted sessions of the seven delegations, to study the proposals which had been made. He assumed that agreement on unification would not be possible but thought that when this became evident a plenary session might appoint the seven as a continuing commission which could go on working quietly in Geneva after the press correspondents had departed. He was not sanguine about the prospects of agreement in the Commission but he thought this was one method of preventing debate on the subject re-opening in either a special session of the Assembly or in

the autumn. As for the commission it could carry on or peter out unostentatiously when the cost was clear.

3. He told us also of a talk he had just had with Pyun who insisted on the conference breaking up on the issue of his fourteen points. Wan told Pyun that if the conference broke up on that issue he could not count on Thailand's support. It was necessary that these proposals be studied and looked into in the conference because there were aspects on which he was doubtful. He reminded Pyun that his fourteen points would not be easily accepted in the Assembly and the United Nations would wish to continue discussing a settlement. Pyun said the ROK was not a member of the United Nations and the United Nations could not impose a settlement upon them, an argument which is peculiarly significant in the light of the American insistence that we should break up on the issue of the authority of the United Nations.

4. Wan told us that Robertson had come to see him that morning, to say that he could not accept Wan's proposals for a commission. He told him of Dulles' instructions to break up the conference on the United Nations issue and said that he was prepared to have the conference go into restricted sessions but only in order to put the question to the Communists of whether or not they accepted the authority of the United Nations. If they did not then the conference would break up on that note. If satisfactory agreement could be reached on that point Robertson was prepared to go ahead with Wan's proposed commission.

5. Wan who is naturally an enthusiast for United Nations, seemed rather woolly on this point and said he had agreed to go along with Robertson on the supremacy of the United Nations. We said that we thought everything depended on the form in which this question was put. If we expected that the Communists would repudiate their aggression and accept the decisions of the United Nations as binding on them, it was quite futile to hold restricted sessions for this purpose since Wan said he thought they would merely be asked to confirm their faith in collective security. We pointed out that, whereas the Communists had denied the legality of United Nations action in Korea, they had never questioned the Charter of the United Nations or the principle of collective security. He said he had pointed this out to Robertson who was apparently not impressed (Johnson told us this morning that they thought the Communists were seeking to discredit the Charter and the whole principle of the United Nations). We asked Wan what terms of reference could be used by the plenary session in calling the restricted sessions into action. The conference could hardly ask for restricted sessions for the avowed purpose of securing a Communist profession of faith in the United Nations. We should have to call upon the restricted sessions to see if negotiation was possible on the basis of proposals already made. He accepted this argument which seemed to confirm some of his own doubts.

6. Prince Wan had to leave before we could carry him on to the subject of the Thai appeal to the United Nations but he said he was shortly seeing Krishna Menon who arrived back in Geneva this morning partly, it would seem, as a result of a message Wan sent to him in London.

62. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
à la délégation à la Conférence sur la Corée à Genève

Secretary of State for External Affairs
to Delegation to Geneva Conference on Korea

TELEGRAM 86 Ottawa, June 3, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Your telegram No. 126 of June 2.
Repeat Washington EX-954.

KOREA

Following from Acting Under-Secretary, Begins: We have been somewhat disturbed to note the growing evidence that the United States delegation in Geneva has fairly categorical instructions to break up the conference on the issue of United Nations authority. There does not appear to be a clear idea as to what exactly is meant by "United Nations authority", and we are very doubtful about the reaction in the world at large and in the United Nations General Assembly in particular if the conference is broken off abruptly by our side on what does not appear to us to be a clear and defensible issue.

2. There seems to be a considerable spread in the various views as to how far the principle of international supervision of elections should be carried. There is the ROK view that elections should be supervised by UNCURK as presently constituted. Then there is the view expressed by Mr. Eden in his speech of May 13, that elections should be supervised "under the auspices of the United Nations", the countries providing the supervision not necessarily being those which have taken part in the war. My own approach, as expressed in my statement to Parliament, is close to this and would provide for supervision by an international agency acceptable to the United Nations consisting of nations which do not belong to the communist bloc and which did not participate in military operations in Korea. There are no doubt other interpretations of just what the role of the United Nations should be in the supervision of elections, but I would be surprised if the majority of delegations on our side would take as rigid a position as seems to be implied in the United States instructions to their delegation in Geneva.

3. I still feel that it is important to elicit from the Communists some indication as to their ideas for a neutral supervisory commission. If, as we suspect, it is to be on the pattern of the NNSC under the armistice, we will be able to demonstrate clearly its unacceptability and our own position will be the stronger.

4. I would be grateful if you would ascertain from the United States delegation a clearer definition of the principle on which they would like to see the conference broken off. You might express to them our apprehensions about breaking off the talks prematurely when the issue as between our side and the communists is not as clear, in the light of the various statements made by our side, as the Americans

would appear to believe. To demand that the communists accept the authority of the United Nations and to break off the conference if they refuse would seem to us to leave the United Nations side at a considerable disadvantage from a public relations point of view, particularly as this approach bears little relation to the fact that the United Nations must, for practical purposes, treat with the communists as an equal in strength if not in virtue.

5. Your telegram No. 128 just received. Minister not immediately available but hope to see him early tomorrow morning.

DEA/50069-A-40

63.

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

Geneva, June 3, 1954

TELEGRAM 127

SECRET

KOREA

We saw Alexis Johnson yesterday and he began by reading to us, the instruction that had just been received from Dulles. It was a long rhetorical instruction in which he argued that it would be best that the negotiations should be broken off on a clear-cut issue and that this issue should be the position of the United Nations. The people of the world would expect us to take a lofty stand on this matter and not allow the authority of the United Nations to be questioned. While we did not challenge Dulles' argument we did point out that the issue of the United Nations might not be entirely clear-cut and that if there was to be a break on this issue we ought to think through clearly what we were doing.

2. Johnson referred to Bedell Smith's proposals for ending the conference with an agreement to disagree (our telegram No. 120 of June 1) with which he himself was clearly not in sympathy. He indicated that they did not want to end the conference in any such joint communiqué with the Communists. While there may undoubtedly be internal political reasons for this position, Johnson did seem to have a valid argument, when he said that it would give a false impression to announce that we were all agreed on free elections and the withdrawal of troops when there were such fundamental differences between our interpretations of these principles.

3. We pointed out that it was because of these differences that we thought that the proposals should all be submitted to a restricted group. In accordance with the instructions in your telegram No. 77 of May 28 we put forward the advantages of referring proposals to a body in which negotiation would be more effective. Johnson clearly doesn't think negotiation in a restricted session is urgently necessary but said that he would not mind another restricted session to look into the possibility of further negotiation. By restricted session he meant a secret meeting of the seven previously designated for such a purpose, that is the four sponsoring powers,

China and the two Koreas. When we asked him if he would have in mind only one session or whether he would be prepared to look upon this as a beginning of a negotiation, if that proved possible, he said that they would naturally be prepared to pursue discussions in this form if the prospects looked good but they would want to cut them off if no further agreement looked likely. If this could be undertaken in the right spirit we think it might be the most practical means of achieving the negotiating phase which you had in mind. Johnson seemed willing to pursue this idea and suggested that we discuss it among ourselves with a view possibly to having a meeting of the sixteen on Friday. He thought there should be a plenary session to convoke the restricted session. In discussing the timetable at a later stage he suggested that the restricted session might then report back to the plenary where there could be final statements. He dropped the hint that we might look forward to such a plenary at the end of next week. It seems to us highly unlikely, however, that at the rate at which Korean proceedings move we could wind up this negotiating phase in less than a week, unless the Americans are not inclined to take the process of negotiation seriously. If we all stick to our present positions — and there is no indication that the ROK will move an inch — the negotiations might not take long but it is by no means unlikely that the Communists will face us with further spurious but attractive concessions which we should have to debate.

4. We told Johnson that we recognized that the most important thing in Geneva was the satisfactory conduct of the Indo-China negotiations and although we were impatient to finish the Korea talks we did not want to insist on a policy which would make the other proceedings more difficult. He indicated that they would be quite happy to finish the Korean discussions as soon as it was possible to do so satisfactorily, regardless of what was going on over Indo-China.

5. Although Johnson was opposed to concluding the conference with any joint communiqué with the Communists he did think the conference might be suspended *sine die*. This is the first time any of the Americans have entertained this suggestion and we indicated that it was in accordance with your thinking. Johnson thought that this kind of suspension should be indefinite, leaving things so that the question could be taken up again by this conference or possibly by another conference or in the Assembly. When we mentioned the danger of ending the conference in such a way that Mrs. Pandit might find it necessary to call a special session of the General Assembly immediately, he said that they had threshed this out a good deal and did not think that anything we could do here would prevent the United Nations from convening and discussing Korea.

6. While the prospects of getting on to a negotiating stage look a little better there is no assurance that Johnson's not exactly enthusiastic support of this procedure will prevail or last the night. Furthermore, it is quite possible that a negotiating phase might be accepted by the Americans with the intention of securing a quick break on the issue which Dulles has prescribed.

DEA/50069-A-40

64.

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

Geneva, June 3, 1954

TELEGRAM 128

CONFIDENTIAL. MOST IMMEDIATE.

KOREA

There will probably be a meeting of the Sixteen on Friday morning at which the Americans are expected to present a program for restricted sessions with the intention of forcing the conference to break on the issue of the authority of the United Nations. We have grave misgivings shared by other Commonwealth delegations as to whether this is a clear cut issue on which to break and as a result of our prodding the United States delegation for a clear definition of the position they wish to establish we doubt if the Americans here or in Washington have thought this question through very clearly. They are bound by Dulles' instructions which are fervent but imprecise and it seems clear that if they are to be altered in any way this would have to be done by raising the matter in Washington.

2. Our grave doubts about the procedure arise from the following reasons:

(a) We would naturally reject most strongly the Communist charges that the United Nations acted illegally and has committed aggression but this hardly seems to be good ground on which to break the negotiations, as the holding of different views on the subject by both parties does not really stand in the way of settlement.

(b) Our present position vis-à-vis the United Nations is ambivalent and better not too carefully defined. We would not want to be drawn into a denial of the right of the United Nations to settle disputes anywhere but the brute fact of our present situation is that the United Nations is incapable of imposing a settlement and we recognized that fact when we began negotiations at Panmunjom. It was the Americans in particular who insisted on this conception during last summer's Assembly when they rejected a round-table conference for one at which the two sides would sit opposite each other. To take a perfectionist stand on United Nations supremacy at a conference with such dubious parentage as this one could prove hypocritical. We have come here and sat down beside the Communists for the purpose of negotiating with them. There is no reason for shame in what we have done as it has been in accordance with our Canadian conception of the United Nations as a flexible instrument providing opportunities of various kinds for hammering out solutions but it is harder to justify in the fundamentalist terms which Dulles seems to have in mind.

(c) If the intention is to force the Communists to profess their faith in the United Nations and its acts and thereby as they would see it admit their aggression then the exercise is just silly. The Communists have come to Geneva not to Canoosa.

(d) The Communist attacks on the alleged presumptions of the United Nations side (which incidentally they never refer to as such) are coupled with the repeated argument that we cannot impose by diplomacy what we could not impose by force of arms. This is not an argument we can afford to recognize in public but it unhappily describes the facts as they exist. Our insistence on the authority of the United Nations means simply to them that we maintain our right to impose a settlement on them and this of course they would never accept unless the whole balance of power in Asia shifted.

(e) None of the Communist delegations has attacked the Charter or the principle of collective security but has merely maintained, that in the case of Korea, the United Nations acted illegally. We must ask ourselves the question whether we want to force them into extreme positions. It would seem particularly unwise at the present moment to force the Russians into an attack on the United Nations and its Charter.

(f) It is of course a debatable point but there might well be some inconsistency between an insistence on the recognition by the Peking government of the authority of the United Nations and the refusal to admit them. At any rate it is a question that is better left untouched at the moment.

(g) In choosing an issue on which to break, we must ask ourselves if it really is an issue which we would insist upon indefinitely. It seems to us doubtful whether, if at some future date, the Communists were prepared to withdraw their forces before an election and allow for international supervision under conditions we considered safe and satisfactory, we would refuse to accept their terms simply because they refused to acknowledge the moral authority of United Nations in general terms.

(h) If we broke on this issue it would possibly, as time passed, become simplified in the public eye into whether supervision was to be by an international body of some kind or whether it would be by UNCURK. This is hardly consistent with your more flexible principle as stated in the House of Commons. It is contrary, furthermore, to the precedent for Germany put forward by the Allies at Berlin and swallowed with no trouble by the public.

(i) We have grave doubts whether the ROK would accept the right of the United Nations to impose a settlement on them. If they would, then the United Nations Assembly would have a much easier mandate.

3. In our view there are stronger and more clear-cut issues on which to break. Surely it would be better to refuse to go on unless the Communists revise their preposterous proposals on elections and the withdrawal of troops. These would seem more reasonable in the eyes of the public and they are the issues on which we cannot compromise. They are issues, however, which would have to come up during an honest effort to probe the various proposals in restricted sessions. To go into these sessions with a preordained program for breaking them up, seems neither practical nor honest. There is every likelihood that our intention would become known to the press. If we could go into restricted session for the purpose of exploring the proposals and if the United Nations issue should without any manoeuvring on our part arise in some form in which a breakoff would be justifiable then we should be prepared to look at this at the time. In our view a break is more likely to

be justifiable on one of the other issues but we do not think that this issue should be prescribed in advance. Furthermore, we think it a gross underestimate of Communist skill to imagine that we can jockey them into the right position on this issue in short order.

4. The United States delegation have now conceived the idea that in the absence of any agreed conclusion to the conference the sixteen countries would draw up a report to the United Nations either to the Secretary-General or to the Assembly. Some such formality might well be required but unless it is in pretty general terms or is merely in the nature of an historical record it will be very difficult to secure agreement. Possibly it might be best to hand over to the Secretary-General the records of the meetings, with an offer to try again if requested so to do or if the circumstances seemed more opportune.

5. Unless we receive instructions from you before Friday's meeting we propose to reserve our position as subject to instructions on the question of the United Nations issue. We propose to express some misgivings and press for a clarification of the issue before we proceed further. However, if the Sixteen propose restricted sessions of the seven with a general mandate to look into the proposals or the possibility of further agreement we would accept this as being in accordance with your instructions.

DEA/50069-A-40

65.

Le secrétaire d'État aux Affaires extérieures
à la délégation à la Conférence sur la Corée à Genève

Secretary of State for External Affairs
to Delegation to Geneva Conference on Korea

TELEGRAM 87

Ottawa, June 3, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Your 128 of June 3.
Repeat Washington EX-956.

KOREA

Following from Acting Under-Secretary, Begins: Further to my telegram No. 86 of June 3, the Minister has now seen these two messages. He is in full accord with the views you expressed and agrees that you should put them forward as occasion requires in the meeting of June 4th. He also agrees with assumption in last sentence your para 5. Ends.

66. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
à la délégation à la Conférence sur la Corée à Genève

Secretary of State for External Affairs
to Delegation to Geneva Conference on Korea

TELEGRAM 84 Ottawa, June 4, 1954

CONFIDENTIAL

Reference: Your telegram No. 120 of June 1.
Repeat Washington EX-946.

KOREA

We agree that it would not be desirable for you to request a plenary unless other delegations also want to speak, and that the points suggested in our telegram No. 77 of May 28 might just as if not more suitably be made in a restricted session if there is to be no plenary debate for the time being.

2. As the Korean discussions move towards termination it is important that they be brought to an end in a manner satisfactory to our side. We believe that until the Communist proposal for a neutral supervisory commission is fully examined and exposed, there may be some confusion in the public mind on the question of international supervision of elections. The relative success of the Neutral Nations Repatriation Commission has entirely obscured the failure of the Neutral Nations Supervisory Commission under the Armistice, and if the talks are broken off too hastily it might give the impression that the United Nations side had given no real consideration to the Communist "concessions" in proposing a neutral commission to supervise the elections. For this reason we believe that the Communist proposal for a neutral commission should be probed so that if the talks are to be broken off on the question of international supervision of elections, the issue will be clear cut and there will be no question as to which side is being reasonable.

3. If we are moving in the direction of agreeing to disagree, we believe it is important that the Armistice Agreement should be confirmed in some way before the conference breaks up, so that we may be assured of as much stability in Korea as we have had during the past ten months.

4. In this connection you may be aware that the State Department is considering a recommendation from CINCUNC that the Swiss and Swedish members of the NNSC be invited to withdraw so that the Czech and Polish members could be excluded from South Korea on the grounds that the Commission was inoperative. We believe that a unilateral withdrawal by the Swiss and Swedish members might have unfortunate effects on the stability of the armistice, and that it would be far better to keep the commission in existence on a formal basis, applying whatever retaliatory restrictions to its operations as might be considered necessary from a military point of view.

5. To ensure that a confirmation of the armistice would not be regarded by the South Koreans as giving the division of the country a permanent character, it might be worthwhile as I suggested in my statement to Parliament, to suspend the conference rather than terminate it, leaving the way open for a resumption of talks when circumstances are more favourable.

6. I would be grateful if you would discuss these ideas with other delegations on our side.

DEA/50069-A-40

67.

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

Geneva, June 4, 1954

TELEGRAM 132

CONFIDENTIAL. IMMEDIATE.

Reference: Our telegram No. 128 of June 3.

KOREA

Bedell Smith opened this morning's meeting of the Group of Sixteen with a summary of United States views. Out of the general debate had emerged a clear cut issue which would command the support of public opinion — that was the position of the United Nations. There was little to gain and much to lose if we permitted the discussions on Korea to hang on and thus submerge this fundamental issue. He then read extracts from his instructions from Dulles (our telegram No. 127 of June 3); he solicited discussion of the United States position so that at the plenary session of June 5 (arranged at the request of Nam Il of North Korea) we would have a common position to which we might adhere.

2. Garcia of the Philippines made here his sole contribution to the discussion by saying that we must stand on the principle of maintaining the authority of the United Nations.

3. Smith then turned to the matter of tactics. He said that a tomorrow's plenary Nam Il would probably make some gesture towards the United Nations to throw off balance our attempts to bring the United Nations principle to a head. He doubted the sincerity of any such gesture. He hoped that some delegation might be ready to speak. Next Monday there should be a restricted meeting of the seven, i.e., the Big Four, China and the two Koreas, where our side would pose the following question to the Communists:

Were they ready to have Korea unified under free elections supervised by the United Nations. If they replied in the negative or signified spurious partial acquiescence, it would be clear that at this time there was no basis for further negotiations in good faith. Our representatives in the group would then report to the sixteen and thereafter a similar report would be made in plenary thus making it unnecessary for

further conference meetings on Korea. The plenary session should take place towards the end of next week to permit delegates to consult their governments.

4. Eden said that the Communists had no intention of permitting free elections. While upholding what the United Nations has done in Korea we should go as far as we could to establish that we believed in free elections. This was an issue which could be understood by the public concerned and he was anxious that we should keep it parallel with the United Nations issue. Smith then said that his question to the Communists would cover this point.

5. Pyun next said that his government thought all statements should be made in plenary. He would ask for authority to attend the restricted meeting on Monday but if this did not arrive we would "all" be in an embarrassing situation. Bidault stressed the importance of precedents and said we should not accept "mixed commissions" in Germany, Korea or Indo-China. Ronning expressed approval for the holding of a restricted session. He favoured the fourteen point ROK proposals as a basis for negotiations and had understood that they had been put forward for that purpose. Through negotiations he thought we could get an issue on which we would be justified in breaking up the conference. He supported Eden's point on elections and said that before we came here we knew that the Communists rejected the United Nations role in Korea. Since the General Assembly agreed to the convening of a Korean Conference regardless of Communist objections to the United Nations we would be unhappy if this Conference were now broken off on this issue. A restricted session would give an opportunity for the Communists to be smoked out concerning their ill conceived proposals. Then they could be forced to break off on our reasonable proposals.

6. The Netherlands representative said the Conference should be broken off soon and that it was essential for us to maintain the authority of the United Nations. A restricted session was necessary from the point of view of public opinion since there had been no true negotiations. The question which Smith wanted put was the right one. The Belgian representative associated himself with these remarks.

7. Watt for Australia said that however the conference broke up the Armistice Agreement must remain in force. The arrangement for meeting on Saturday and Monday was a little tight. Any proposals made by Nam Il tomorrow would have to be considered by governments and this might make it desirable for the restricted meeting to be held somewhat later. He was interested in what questions should be asked of the Communists in the restricted session. All of us favoured upholding the authority of the United Nations but hoped that our adherence to the cause of free elections could be brought out properly in further meetings.

8. The Colombian representative raised the question of a report to the United Nations on the failure of the conference. Experience indicated the importance of our agreeing on a report whether it should require the Assembly being convened and the tactics we should employ at the Assembly. Secretary General Kural suggested that after the restricted session a meeting of the sixteen might decide policy for the last plenary and also the question of a report.

9. Smith then said that the two principles of free elections and the position of the United Nations might march side by side although the latter was more important in

the eyes of the United States. Eden intervened to say that while it was very important that there should be United Nations supervision of elections it was more important that the elections should be free.

10. The Turkish representative expressed general agreement with all proposals. If Nam Il said anything worthwhile on Saturday we should try to find out from the Communists their exact aims through a restricted session. Then the results of these enquiries might be reported to the sixteen and a decision taken.

11. Ronning spoke again on the importance of free elections as an issue. If the Communists would accept the principle of free elections with the requisite machinery they would entail then we could afford to ignore their attacks on the United Nations. McIntosh of New Zealand approved this line of reasoning and stressed the desirability of our side going through the motions of real negotiations.

12. Smith said that the United States had not sent troops to Korea to protect free elections but to uphold the authority of the United Nations. The free elections issue was important but not that important. Ronning said that we attached so much importance to free elections because they were essential to the achievement of the United Nations objectives for Korea.

13. Bidault argued that if we had to break off the conference — action which would inevitably have unfortunate consequences on Indo-China — we might make a public statement which would include both views relating to the United Nations and free elections. Prince Wan supported this idea and said that differences among delegations seemed to be those of emphasis and detail.

14. Pyun then said that free elections could not be separated from United Nations observation and supervision of such elections although some delegations seemed to want to make the separation. Bidault agreed with him and said that since the United States had carried the main burden in Korea and had adopted a firm attitude he would acquiesce in that attitude. The Greek representative gave full support to the United States position also.

15. Smith said that we were agreed on two principles and so long as we kept them side by side we could each give the emphasis to the one which appealed most to our public opinion. Ronning said that our only reservation to the last part of his question was that you were on record as favouring international supervision acceptable to the United Nations. We did not object to his putting his question to Communists since it should bring a reply on an issue we considered very important. Smith said nothing further but it was clear that he was not happy about our formula.

68. DEA/50069-A-40

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

TELEGRAM 133 Geneva, June 4, 1954

CONFIDENTIAL. IMMEDIATE.

KOREA

It is clear from this morning's meeting of the 16 and subsequent discussions with the Americans that the latter are not prepared to consider objectively and unemotionally any qualifications of the issue of the authority of the United Nations to settle the Korean question. While they deny that they are insisting on imposing a settlement on the North Koreans they react with a great deal of rhetoric to any interpretation of the United Nations role that leads to any other conclusion. Above all, they refuse to face squarely the realities of the situation in which we find ourselves and which we accepted when we started negotiations with the "other side". After the meeting, Bedell Smith with some choler said that you had given him clearly to understand before you left that you believed the basis issue was the authority of the United Nations. The trouble is, of course, that the Americans will not recognise that this is an issue with which one agrees or disagrees depending upon how it is defined. Ronning made clear to Smith that he was acting under your instructions. He had in fact quoted from your statement in the House of Commons during this meeting.

2. There is no future in any attempt to meet this issue head on. The other Commonwealth delegates agree entirely with us but the other members of the 16 are clearly not prepared to differ with the Americans. Bidault tried skilfully to propose a compromise but concluded by saying that the United States had provided the largest effort in Korea and he was not disposed therefore to oppose them in this issue. Eden who had left the meeting before our differences with the Americans came out very clearly is frankly not prepared to clash with the Americans on Korea. He did, however, provide a formula for attacking this question sideways which seems to offer our best method of procedure. He is prepared to let the Americans have their United Nations issue provided they will recognise the parallel importance of the issue of free elections and Smith seems prepared to accept this if we will not question the sanctity of his issue.

3. We now have the Americans and all except the R.O.K. agreeing to go into a restricted session or sessions to look into the proposals before the conference and report back to the 16 — this much has been achieved. The question as to what issue we break on will inevitably be dictated to some extent at least by the course of the discussions and the United Nations issue may not seem as clear to the Americans after the Communists have replied. We can count on the United Kingdom and possibly France to seek to draw out the Communists on parallel issues on which a

break would be more effective. Our hope might be, therefore, to overshadow one bad issue with several good ones. In the meantime, if you agree our best policy would seem to be to continue the talks we have had with the United States delegate on this point for the past few days hoping to persuade them of the validity of our fears while at the same time avoiding any clear cut opposition to what they are heaven bent at the moment to pursue so that our influence might be exerted more effectively at a later stage.

4. As it is not very easy to get the Americans here to listen calmly to our heresies it might be helpful if the Embassy in Washington could put these arguments to the State Department in order at least to make clear that they are put forward in good faith and to correct what might be somewhat inaccurate versions reaching them from Geneva.

DEA/50069-A-40

69.

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

Secretary of State for External Affairs to Ambassador in United States

Ottawa, June 4, 1954

TELEGRAM EX-964

CONFIDENTIAL. IMMEDIATE.

Reference: My telegrams EX-954, and EX-956 of June 3.
Repeat Geneva No. 89.

KOREA

Following from Acting Under-Secretary, Begins: We would be grateful if you would take up with the State Department at the earliest opportunity and in the manner which you consider most suitable the question of the next phase of the Geneva Conference on Korea. As should be clear from our telegrams under reference, we (and apparently other Commonwealth Governments as well) are not at all happy about the scheme to break off the conference so early and to do it on the issue of United Nations authority. It would be appreciated if you would express our apprehensions on this score.

2. The essential need when the break-up comes and the Conference on Korea collapses is that our position should be unassailable. It would seem to me therefore that three principal arguments should be used with the State Department. The first is that the issue of United Nations authority is not clear. People would not understand that we broke on election supervision by the United Nations unless the other side had been shown to refuse not only United Nations supervision but a balanced, truly neutral supervision, or some other clear cut breaking point has been found. Second is the question of timing. The Conference has gone on for only six weeks and much time has been spent on the crucial Indochina negotiations. A precipitated break would leave doubt that every possible avenue of negotiation has been

explored in good faith. It took a long time to achieve an armistice in Korea, but time and patience which are of the essence in negotiation with the Communists did finally bear fruit. The third which is another aspect of the second and re-enforces it is that a break at this stage when the principals have to remain in Geneva in any case and before the parallel negotiation on Indochina has settled down might well endanger its progress. It would be difficult to dispel the impression in the public mind that our break on Korea had been fatal to the achievement in the parallel conference of at least a cease-fire.

3. You may also wish to use such arguments from EX-954 and EX-955 as you may find suitable, and endeavour to get a clearer picture of what the instructions to the United States Delegation mean with respect to the issue of United Nations authority. In making your approach you might bear in mind the comment in paragraph 1 of EX-955, that if the United States instructions are to be altered in any way, this will have to be done by raising the matter in Washington.

4. We appreciate that the United States position is affected to a considerable extent by the intractability of the ROK. You might point out, however, that if the United Nations side becomes infected with South Korean intransigence, it may have a very serious effect on public opinion not only in our own countries but in other United Nations countries which have been watching (with their own security in mind) this first collective effort at peace making. It seems to us that the collective effort made under the aegis of the United Nations to repel aggression has important international psychological aspects which must be taken into account as well as the Korean locus of that action. In the countries which have only limited interests in northeast Asia, particularly, the prestige of the United Nations might be seriously damaged if the Organization were forced to take positions which seemed unreasonable or unrealistic merely to maintain solidarity with the ROK.

5. In our view, we should now go into restricted session at Geneva with the honest intention of exploring the various proposals now before the Conference. As the negotiations proceed, it should not be difficult to develop positions on which our side can take a stand that will command the full sympathy of the public, not only in those countries with forces in Korea but in other United Nations countries as well. If the Communists find such positions unacceptable, the collapse of the conference and the continued division of Korea will be shown unmistakably as their responsibility. Ends.

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70.

La délégation à la Conférence sur la Corée à Genève
au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea
to Secretary of State for External Affairs

Geneva, June 5, 1954

TELEGRAM 136

CONFIDENTIAL

There is some indication that our arguments on the United Nations issue are having a delayed effect. Alexis Johnson has now admitted to Dennis Allen that their question as formulated was not satisfactory and they were trying to restate it. Allen had pointed out that under the present formula the Communists could simply accept "international" supervision and leave us to justify breaking off the negotiations on the differences between United Nations and international supervision. Bedell Smith told Eden yesterday afternoon he recognized that both questions, the authority of the United Nations and the question of free elections, are important and we could each emphasise the one which seemed most important to our public. However, he urged that if we emphasised free elections we should also stand firmly on the United Nations issue.

2. It is likely the restricted session will not be held on Monday.

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71.

Le secrétaire d'État aux Affaires extérieures
à la délégation à la Conférence sur la Corée à Genève

Secretary of State for External Affairs
to Delegation to Geneva Conference on Korea

Ottawa, June 6, 1954

TELEGRAM 90

CONFIDENTIAL. IMMEDIATE.

Reference: My telegram to Washington of June 4, repeated to you as No. K-89 and your telegrams 132, 133 and 136 of June 4 and 5.
Repeat Washington EX-972.

KOREA

Following from Acting Under-Secretary, Begins: Since we expect to make strong representations on economic questions in Washington this week, the Embassy in Washington has been doubtful on over all policy grounds of the advisability of duplicating there the good fight which you are carrying on at Geneva, and, we are glad to note from your last telegram under reference, not entirely without success. I have agreed to the Embassy withholding its fire until they receive further instructions.

2. The need to sound the warnings you have made is further shown by Hamilton's report in today's *New York Times* of the Molotov "further examination" "reasonableness" at yesterday's plenary.

3. It appears unlikely that there will be meetings of the 16 or plenary for some days, and we are not party to the restricted sessions, should any be held tomorrow or Tuesday. The Minister will be absent until Tuesday noon and cannot conveniently be reached by phone, but I shall have a word with him as soon as possible and will advise you and Washington further.

4. I agree with you that there is no future in any attempt to meet the issue head-on. Molotov's approach, however, seems to prove us right; "further examination" and smoking out of his proposals would appear now to be even more desirable before a break is made.

5. I would therefore suggest that, until you hear further from us, you withhold expounding the views on which we were agreed beforehand, without indicating that your instructions have or may be changed.

6. Please wire most immediately if situation changes and you are faced with a meeting at which you would have to put views forward. Ends.

72.

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La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

TELEGRAM 140

Geneva, June 6, 1954

Reference: Our telegram No. 139 of June 6.

KOREA

Following is text of Soviet draft resolution submitted in Plenary June 5, Text begins:

Participants of Geneva Conference have agreed upon following fundamental principles relating to peaceful settlement of Korean problem:

1. With a view to unifying Korea and establishing united, independent, and democratic Korean state free elections shall be held throughout territory of Korea. The elections shall be held within six months after conclusion of present agreement. The elections shall be conducted on basis of secret ballot and universal suffrage. Representation in all Korea legislature shall be in proportion to population of the entire Korea.

2. With a view to prepare and conduct free all Korean elections and to facilitate a rapprochement between Democratic Peoples Republic of Korea and Republic of Korea an all Korean body shall be set up composed of representatives of Democratic Peoples Republic of Korea and Republic of Korea. The composition and tasks of this body shall be subject of further examination.

3. All foreign forces shall be withdrawn from Korea within specified periods. Periods and phases for withdrawal of all foreign forces from North and South Korea prior to holding of free all Korean elections shall be examined further.

4. It shall be resolved that an appropriate international commission shall be set up to supervise holding of free all Korean elections. The composition of this supervisory commission shall be examined further.

5. Recognizing the importance of preventing any violation of peace in Korea it shall be deemed necessary for powers most directly concerned in maintenance of peace in Far East to assume obligations to ensure Korea's peaceful development which would facilitate settlement of problem of Korea's national unification. The question of the powers which are to assume obligations regarding ensuring of Korea's peaceful development and of nature of these obligations shall be subject of further examination. Text ends.

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73.

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

Geneva, June 7, 1954

TELEGRAM 142

CONFIDENTIAL. MOST IMMEDIATE.

Repeat London No. 42.

KOREA

Saturday's [plenary] meeting has complicated the program for satisfactorily breaking off the Korean Conference. Even before Molotov made his proposals Nam Il and Chou En-Lai had put on fairly reasonable performances although they did help us in several important respects. Nam Il's emphasis on leaving the electoral processes to the Koreans without interference from outside further clarified opposition which we can criticize with some force. Chou's proposal that the N.N.R.C. should take over the supervisory job for unifying Korea is a good one to attack. Bedell Smith, probably to some extent as a result of Commonwealth representations, did concentrate on the issues we all find important and stated the issue of United Nations authority sufficiently imprecisely to keep us off a hook. His attack on the North Korean proposals for a supervisory commission was in accordance with the views put forward in your telegram No. 84 of June 4.

2. These gains however were overshadowed by Molotov's proposals preceded by a reasonable exposition quite out of keeping with the sharp propaganda line that followed. He has probed the weaknesses of the sixteen so accurately that one is almost led to speculate on the efficiency of Soviet intelligence in Geneva. While his propaganda attack was directed at the United States, on several occasions he cited Commonwealth spokesmen with approval. Throughout the afternoon the

Communist spokesman seemed to be deliberately making concessions for the benefit of those of us who have doubts about South Korean and American policy thereby, of course, making our position all the more difficult.

3. As you said in para 4 of your telegram No. 90 of June 6, we must give careful consideration to Molotov's proposals at least in order to smoke them out before we can break off. Pyun rejected them immediately as unworthy of consideration and Bedell Smith ignored rather than rejected them. His enigmatic final statement that the United States was preparing to rest its case which he read from a hastily scrawled note left an unfortunate impression. Bentinck's position seemed to us much better in that he continued to attack the unacceptable features of the Communist proposals but said he would study the Soviet resolution with care.

4. It is not true as Molotov implied that his proposals represent principles on which we have all agreed even though we differ in details. No one on our side has accepted the principle of an all-Korean commission. We have not agreed on the withdrawal of all foreign forces prior to the holding of elections. We have not agreed on the establishment of "an international commission" nor have we accepted the principle of obligations to be assumed by the interested powers.

5. However, although the Communist proposals on all these matters have been unacceptable in the form in which they have been put it cannot be said that they are all patently unreasonable as stated in terms of general principles in Molotov's resolution. Even the idea of an all-Korean commission could, if properly constituted and given the right functions, serve a useful purpose and might well be essential in preparing for elections in a divided country. (The built-in veto the Americans talk so much about is built in to the facts of the situation and not merely into the Communist proposals). Although you have called for withdrawal of forces by stages which would leave some troops in Korea at the time of the elections it is not easy to argue against staged withdrawals before elections as Molotov has put it. As for the question of an international or United Nations commission we have not been prepared to make an issue of this provided the composition is satisfactory. The proposal for obligations or guarantees to be assumed by interested powers is one for which the Communists seem to have questionable intentions but we have thought that if there is ever to be a unified Korea it must be protected from interference by some kind of mutual undertaking by the great powers.

6. Under these circumstances, the most sensible thing would be to consider Molotov's resolution as a basis for discussion with a view to accepting it with some amendments as the first stage of a settlement. Having accepted it with modifications or explanations we could then decide whether to continue discussing the details now or whether this might be the note on which to suspend the Conference to be resumed at a more propitious moment. (Although Molotov's proposals are complicated by being somewhat more specific, tactically they resemble Bedell Smith's abortive suggestions described in our telegram No. 120 of June 1st.)

7. The inescapable fact which we must face, however, is that there is no possibility of seriously examining Molotov's proposals unless we are prepared to make an open break with the ROK, and probably also the U.S. — a break which would serve no useful purpose as we are no more able to impose a settlement on the ROK

than on the North Koreans. A debate on the proposals would probably serve only to show up the intransigence of the ROK, while the Communists were able to retreat behind reasonable general principles, the ugly details of which they would postpone to a later stage. We are, in fact, increasingly wondering whether we ought to press too hard for negotiations when there cannot be any negotiations. The ROK have no intention of negotiating any point whatsoever, and Bedell Smith told Ronning on Saturday that although he could not say so out loud, the fact was that so long as Syngman Rhee lived there could be no unification of Korea. As a country participating in this Conference we find ourselves in a totally false position because it does not in the end matter at all what we think is right. We have not even a vote in the Conference because there is no voting.

8. We seem to be confronted with a choice between unsatisfactory alternatives. We could pact up and go home, announcing our disagreement with the ROK. Such a step would relieve our feelings and put the record straight, but would serve no other useful purpose except possibly to strengthen our relations with the Colombo powers and give us an excuse to withdraw our forces. It would certainly have a damaging effect on the more important phase of the Geneva Conference. The alternative is for our side to try to break off the Conference as soon as possible in a way which can hardly be satisfactory but which would be the least unsatisfactory. This might be done by picking up the argument that any expression of agreement such as that contained in Molotov's resolution would give a dishonest impression to the world of agreement where there is no agreement. If the Communists want to hide behind general principles and ignore the details we should force them to talk about details first, insisting that so long as the details of the Communist proposals are so utterly unacceptable we could not honestly talk about agreement in principle. In this way we could go on forcing them to talk about the terms of free elections which would, we hope, impress the world as unacceptable. By concentrating on these details we might also divert the U.S. from its holy theme of the U.N. In order not to be accused of rejecting reasonable proposals we might even go so far as to say to Molotov that we could possibly accept his resolution if his colleagues would first make the necessary changes in their detailed suggestions to enable us to believe that we really are agreed on principles.

9. We shall continue to urge the necessity of suspending rather than terminating the Conference although it might be worth considering whether we do want to become involved again in a Conference in which we have responsibility without power and are so thoroughly cased by built-in vetoes on all sides.

74.

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La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

TELEGRAM 145

Geneva, June 8, 1954

CONFIDENTIAL

KOREA

The Sixteen found themselves in general agreement this morning on tactics. Bedell Smith began by reporting on his dinner last night with Molotov at which he had found him utterly amiable and agreeable but refusing to budge from the position on supervisory commissions for both Korea and Indo-China that they should be composed on a fifty-fifty basis of theirs and ours. (After a similar meeting yesterday Bidault described Molotov as "the smiling log"). This confirmed Smith's impression that in his resolution Molotov yielded nothing but nevertheless, taken out of their context, the proposals could look reasonable.

2. Bedell Smith then read to us from the instructions he had received from Dulles. Dulles said that Molotov's statement of principles solved no important issue and contained little more than what the Big Four had agreed upon in Berlin on Korea. There were two good issues on which to stand; the position of the United Nations and the demand for truly free elections. Dulles attached little importance to the differences of emphasis on these points as between delegations on our side. Smith said that he felt "very strongly" that in the light of the developments on Saturday last we should not now propose a restricted session. If we did we would give the unfortunate impression that we attached more importance to the Molotov proposals than they deserved. They should be refuted and exposed in plenary session.

3. Lord Reading agreed that a restricted session was now ill-advised and suggested that since Chou En-Lai at the last plenary had reserved the right to answer Smith's criticism of Polish and Czech representatives on the NNSC we might well leave the next move for a plenary to the other side. Later he added that after the plenary we should have to consider whether it was still advisable to have a restricted session.

4. Ronning expressed agreement with both Smith and Reading on the desirability of a plenary session and suggested that while the next move for a plenary might be left to the Communists we should not stand idly by if they delayed action for long since this could give the public the unfortunate impression that we were not paying sufficient attention to the proposals of the other side.

5. Pyun emphasized that any waiting attitude on our part would be bound to weaken our case. Therefore he would like to see us call a plenary session. The Philippine representative supported this view and suggested that if the Communists had not acted within the next two or three days we should call a plenary and put to

them the question of whether they were prepared to accept the authority of the United Nations.

6. Smith nicely saved us from another unprofitable discussion of this issue by referring to his instructions from Dulles who had said that as there were so many minor points of difference between the Sixteen we should avoid getting into the discussion Molotov wanted in which our differences would be exposed. Instead we should get on with our two issues with the Commonwealth emphasizing free elections if they wished, and others emphasizing the United Nations issue.

7. As a result of further discussion it was agreed that if by Thursday morning the Communists had not requested a plenary session our side would. If they did not want the conference to meet on Friday we would agree to meet on Saturday. If the Communists requested a restricted session we would make our acceptance of their request conditional on their agreeing to a plenary session first. After such a restricted session we should press for another plenary in order to have the opportunity to make clear for the public our areas of disagreement. The Group of Sixteen should meet again after the next plenary to consider future action.

8. After the meeting Bedell Smith expressed great satisfaction to Holmes with his instructions from Dulles who he said had not only accepted "your idea" by which he meant the general Commonwealth views on emphasis but quite approved it. Our position on this subject is now much happier not because the Americans or a number of other delegations have accepted — or really understood — our attitude on the United Nations authority issue but because they have assumed that we will be content if we can emphasize our own specialty. This is not entirely satisfactory and may cause some trouble later if we are to be committed to questionable definitions but is undoubtedly the best we can do. It would be advisable for us under the circumstances if you agree to include in our statement a rejection of the Communist attacks on United Nations action in Korea which need not be any the less emphatic because it is defined in our terms.

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75.

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

TELEGRAM 150 Geneva, June 10, 1954

CONFIDENTIAL. IMMEDIATE.

KOREA

We have prepared a rough draft for a statement which might be made if a Korean plenary is held on Friday or Saturday. We think this might be timely as there has been no Canadian statement since you departed and there is something to be said for making our comments on Molotov's resolution before some of the arguments have become hackneyed and before we have been hamstrung by more

extreme positions that might be taken by other delegations. While in our draft we are guided by the principles established in your parliamentary statement, we seek to avoid any clearly defined differences with other members of the Sixteen. There are inevitably differences in implication but we do not wish to encourage the Communists to probe them.

2. The statement begins with a strong rejection of Communist allegations against the United Nations. Then we reject as a sordid distortion of the truth the Communist argument that the "United States" is seeking to impose at this conference what it was unable to achieve by force of arms, and go on as follows: "The United Nations did not seek by force of arms to impose its will upon any country. It set out to defend the Republic of Korea from aggression and this it was happily successful in doing. Having repelled aggression the United Nations has resumed the effort which it had accepted many years before 1950, to seek the unification of the two parts into which the country had been divided. It is not a question of the United Nations seeking to impose a settlement on either part of Korea but in accordance with its practice in all disputes which have come before it, to seek by methods of conciliation to bring about a just and practical solution which will be accepted by the parties concerned. It is in order to seek such a solution that the Canadian delegation came to Geneva and we are determined patiently to work towards such a settlement at this conference — or at any subsequent meetings for this purpose. But we will not be diverted from this effort by allegations that the United Nations has acted illegally and that we have been the participants in aggression".

3. Our argument on the Molotov resolution is that we should like very much to be able to reach an agreement in principle of this kind and have carefully studied the resolution in the hope that we could do so. We have been driven inescapably however, to the conclusion that it would be dishonest and would mislead the world if we were to announce agreement in principle leaving the details until later when the so-called "details" are a fundamental part of the principles. We support this argument with reference to each point of the resolution as follows:

(a) Secret ballot, universal suffrage and proportional representation are essential to free elections but not sufficient to guarantee freedom of choice. These principles are observed in the Soviet Union but we would not call theirs free elections. Unless we are agreed on an effective programme of supervision we cannot say that we have agreed on the principle of free elections.

(b) We do not necessarily reject the conception of an all-Korean commission to prepare for the elections but it is meaningless to agree to the principle unless we are agreed on the commission's composition and functions. The proposals for composition and function put forward by the Communists suggest this is intended not as an agency to secure free elections but to establish Communist influence grossly disproportionate to the amount of its support in the country.

(c) We cannot pretend to have reached agreement in principle on the withdrawal of forces when there is a basic difference among us on the treatment of United Nations forces seeking to enable Korean self-determination and forces which have entered the country to impose a form of government not wanted by the Korean majority.

(d) We quote from your Ottawa statement on a supervisory commission to prove our flexible attitude towards this commission provided it is genuinely neutral, but point out that Molotov's support of the NNRC proves that there is no agreement at all on the meaning of neutrality. Furthermore here again there can be no agreement in principle unless we agree on the function of the commission.

(e) We say that we have listened with an open mind to repeated Communist suggestions for a guarantee or acceptance of responsibility by interested states but find that these have always been couched in such obscure language that we could not possibly say we had agreed in principle. It is meaningless to agree in principle on this question when Molotov himself said in his explanation that the nature of the obligations and the states to take part would be discussed later. Furthermore, if we are talking of accepting economic responsibilities UNKRA has done so and it is not our fault that it does not operate in the entire country.

4. We do not think it appropriate at this stage to say anything about the suspension of the conference or the affirmation of the armistice because these questions have not yet been thoroughly discussed among the Sixteen and no one as yet has publicly admitted that we are ready to break off the conference without a settlement. We are nevertheless bearing in mind your instructions on this point in private conversations and in the wording of our statements.

5. We should be glad to have your instructions on this draft as soon as possible. We should like to feel free to make additions or alterations within the framework of previous instructions but will notify you of anything substantial.

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76.

Le secrétaire d'État aux Affaires extérieures
à la délégation à la Conférence sur la Corée à Genève

Secretary of State for External Affairs
to Delegation to Geneva Conference on Korea

TELEGRAM 106 Ottawa, June 10, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Your telegrams No. 145 of June 8 and No. 150 of June 10.
Repeat Washington EX-1008; London No. 801; Permdel No. 288.

KOREA

I believe the United States have moved as far as could be hoped in the direction of modifying their position on the United Nations authority issue, and though I agree that the danger still exists that the United Nations side may, in some of the speeches that will doubtless be made, appear to be committed to positions we would not wish to accept, I think we must now be content to let the United Nations issue and the free elections issue run together in harness, and that both issues can be usefully developed in replies to the most recent Communist gambit. In the circumstances I agree that the best course for our side to follow is to examine the

Molotov resolution critically in plenary session, pressing the Communists for answers on details which are vital in any agreed procedures for free elections and the international supervision thereof, "rapprochement" between the two Koreas and the establishment of an all-Korean government. This approach should produce not one but several issues on which our side can take a firm stand and which, if rejected by the other side, should provide ample justification terminating the talks. We agree, subject of course to further advice from you on the basis of new developments, with the time table outlined in para. 7 of your telegram No. 145.

2. Prior to receipt of your telegram No. 150 we had drafted a telegram to you outlining points which you might suitably make in a statement in the plenary debate. I believe that in view of the pressure we have exerted on the United States to agree to develop some other issue besides that of United Nations authority on which to break off the conference, it would be desirable for you to make a statement developing the "free elections" issue in all its aspects. I concur in the opening passages of your statement as contained in paragraph 2 of your telegram No. 150, but feel that the last two sentences might be somewhat amplified. You might say that the presence of Canadian troops in Korea and the presence of a Canadian delegation at Geneva attests Canada's unqualified support for the United Nations as the pre-eminent international agency for making and keeping peace; that we have supported every step taken by the United Nations in its efforts to bring about the unification of Korea, and that we firmly believe that any agreement that is worked out to achieve this objective must be in accordance with the principles of the United Nations. You might go on to say that if the Geneva Conference is not able at this stage to reach an agreement on procedures for the establishment of a united and independent and democratic Korea, the Canadian Government is confident that the United Nations will continue to seek the attainment of this objective by peaceful means and Canada will continue to support these efforts.

3. This should give the United States some comfort in that it supports in a general way the concept of the responsibility of the United Nations in the Korean affair, it should help to impress on the Communists that there is no inclination in our camp to concur in the elimination of the United Nations from a Korean settlement, and it should serve to notify the South Koreans that the breakdown of the Geneva Conference does not mean the end of United Nations efforts to seek a solution of the Korean problem through negotiation.

4. Similarly, your introductory on the Molotov resolution might also be amplified. You might point out that a number of the fundamental principles contained in the Molotov resolution were agreed upon even before the Geneva Conference (e.g., the establishment of a united and independent Korea, the ultimate withdrawal of foreign forces) and hence represent no advance. Furthermore, principles have a different meaning for each side in respect of the way they envisage them being carried out, and consequently agreement on principles can be relatively meaningless unless there is also agreement on the methods by which these principles are to be implemented. Moreover, experience has shown that some terms (e.g., free elections, a democratic state, supervision) mean one thing in non-Communist countries and something quite different in Communist countries, and it is therefore vital that both sides mean the same thing if a true agreement is to be arrived at.

5. With respect to the individual points of the Molotov resolution, we thought it might be a good tactic to ask a number of questions both real and rhetorical which, if answered would serve to show the Communist hand more clearly and, if unanswered, would demonstrate that the other side is seeking only a fraudulent agreement. The following comments refer to each point of the Molotov resolution and your own corresponding outline.

Item 1. We would prefer to see you include queries along the following lines rather than your reference to "elections in the Soviet Union": Do the Communists agree that any Korean citizen can be a candidate, or do they intend that only candidates "approved" by the all-Korean "body" may seek election? As freedom for candidates to campaign is a vital part of free elections, are the Communists prepared to agree to the terms of the fifth item of the South Korean proposals, calling for full freedom of movement, speech, etc., for candidates, campaigners and their families? Under the Communist proposals, would the all-Korean legislature be completely sovereign within Korea, and would the executive branch of the government derive its authority from majority support in the legislature? Or would the executive be separate from the legislature? If so, how would the executive be chosen? By the all-Korean "body", in which the Communists would retain veto power? Since the Communists state that the question of Korea's future constitution is not a matter for consideration by the conference, do the Communists envisage that the freely-elected legislature would be a constituent assembly, empowered to draft a constitution by majority vote? Or do the Communists intend that the Korean constitution should be drawn up by the all-Korean "body"?

Item 2. In amplifying your suggested approach in paragraph (b), you might wish to include the following: If the body is to act only by unanimous decision, the veto power involved will be of crucial importance in connection with the tasks to be carried out. What exactly do the Communists mean when they say that the body would "facilitate a rapprochement" between the two Koreas? Would this mean that it would act as an interim government or that it would set up an interim government of some kind? Or would it be responsible for drafting an all-Korean constitution? How far will the responsibilities of the body go in the preparation of conduct of the elections? Would the body be expected to rule on the acceptability of candidates? and of parties? Would the body be solely responsible for the selection of scrutineers? Would it be responsible for establishing a police force to maintain law and order during the elections? Or would the international supervisory commission assist it in this task? What other functions would the body have? If the body is to have any significant executive powers, and is to be more than a negotiating agency for arranging elections, the veto power involved could completely prejudice the freedom of the elections or the establishment of a truly representative government after elections.

Item 3. We concur in your proposed comment here. We had considered saying that discussion of the phased withdrawal of foreign forces would be better left over until further progress is made on procedures for the holding of elections and the setting up of an all-Korean government.

Item 4. In amplification of your statement you might wish to include the following questions: What do the Communists mean by "supervision"? Would the commission which they envisage merely observe the elections or would it have the power and the means to correct conditions which interfere with the proper conduct of elections? Would it be competent to appoint scrutineers? Would it assist the all-Korean body in maintaining law and order prior to and during the elections? In short, would it be a powerless excrescence or would it have an active and useful role to play in ensuring fair play and a free choice of representatives by the electorate?

Item 5. We concur in your suggested approach, and in the additional paragraph you have suggested in your telegram No. 153 of June 10.†

The above is for your guidance and we hope assistance, to be used by you in the light of your appreciation of the circumstances at the time.

77. DEA/50069-A-40

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

TELEGRAM 154 Geneva, June 10, 1954

CONFIDENTIAL

GENEVA CONFERENCE — GENERAL

As a result of the last two plenaries on Indo-China, there is an attitude of almost unrelieved gloom on our side about the prospects of the Conference achieving anything on either Korea or Indo-China. There was some hope after Molotov's performance on Tuesday which, like Bidault's seemed clearly intended for the Paris rather than the Geneva audience, that this was nothing more than a blatant effort to influence the French Assembly and one which by reason of its humiliating attack on France might boomerang. This hope that after an excursion into politics the Communists might, if there were no disastrous developments in Paris, go back to negotiations in private has been considerably dimmed by Chou En-Lai's utterly uncompromising speech yesterday in which he seemed to go out of his way to emphasise what he knew to be points on which the Conference might well break. As the United Kingdom delegation have pointed out, there was nothing new in any of the speeches. Old positions were being repeated but they were becoming more rigid by repetition.

2. Eden, after agreement on tactics with Bedell Smith, asked Molotov in the interval what he wanted to do today and suggested that they could get down to business on the problem of Laos and Cambodia in restricted session. Molotov merely said that they should go on in plenaries which were more useful and there were others who asked to speak. There is clearly no possibility of moving forward in plenary

session. Present tentative thinking in the United Kingdom delegation is that after conclusion of the French debate they should have one more try at a restricted session. If the Communists do not respond this will be a pretty clear indication that they do not want a settlement and it might be best to break off the Conference. They are concerned, however, that the military talks should go on and are wondering if a kind of skeleton conference might carry on here.

3. Bedell Smith and Eden seem to be working in as close harmony as ever but the Americans might be somewhat more impatient to break off. As a result of the Indo-China developments Smith is now anxious to get the Korean talks over with. Although it was he who proposed at the last meeting of the 16 to sit back and wait for a Communist move, yesterday he took the initiative in pressing for a Korean plenary on Friday afternoon to which Molotov agreed. He is now thinking of a meeting of 16 on Saturday and does not want to go on with restricted sessions at all. If the 16 insist on restricted sessions he would agree but he doesn't see much point in them now.

4. Decision on tactics for the Korean Conference are now more dependent than previously on the Indo-China Conference. If the latter breaks up there will probably not be any very strong disposition to continue the former, given the fact that the latter was the only conference for which there was any real hope of success. If the Indo-China sessions end with a bang not much notice will be given to the terms on which the Korean Conference was broken off or suspended. Nevertheless we should presumably continue trying to put our case in the best possible light in the time which may remain. It is, of course, also possible that if the question of whether or not the Indo-China Conference is to continue enters a fragile stage in the near future we may be asked to carry on quietly the Korean talks in order not to break any windows.

5. The United Kingdom and possibly New Zealand will be speaking in the plenary on Friday and we have put our name down tentatively pending receipt of your instructions.

78. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures
à la délégation à la Conférence sur la Corée à Genève

Secretary of State for External Affairs
to Delegation to Geneva Conference on Korea

TELEGRAM 109 Ottawa, June 11, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Your telegram No. 154 of June 10.

KOREA

If at the next meeting of the Sixteen, there is any disposition on the part of other delegations to ask for a restricted session, you might give some support to this for the following reason.

2. The conference has produced some minor concessions from the other side, and in view of Wang Pin-nan's conversation with you it might be possible to get them to concede one or two more points of detail. While this probably would not lead to productive negotiations at Geneva, it could leave us in a more advantageous position when some further effort to negotiate a Korean settlement is made. We could reasonably expect that the Communists could, in a future conference, be held to the points to which they agree at Geneva.

3. If the Americans are reluctant to hold a restricted session on the ground that it would give the appearance that we set more store by Molotov's resolution than it deserves, you might consider suggesting that a restricted session limit its agenda to the first of Molotov's "principles" — free elections.

79. DEA/50069-A-40

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

TELEGRAM 160 Geneva, June 12, 1954

CONFIDENTIAL

Reference: My telegram No. 139 of June 6.

KOREA

Chou En-Lai opened Friday's plenary session with a statement announcing full support for the Molotov proposals and said that they should be adopted by the conference "as the basis for further discussion". The United States delegate, by opposing the reaching of agreement through consultations between the two Koreas, was seeking to maintain the antagonism between them and to make impossible the peaceful settlement of the Korean problem. As for United Nations supervision of elections it was inconceivable that one of the belligerent sides should have this role. It should be taken by the Supervisory Commission which he had proposed. He then went on to defend the work in Korea of the NNSC and in particular of its Polish and Czech members. He accused the United States of repeatedly violating the Armistice Agreement and making difficult the work of the NNSC. The United States was seeking to abolish this commission in order to have more freedom to arm South Korea and threaten the peace in Korea and the security of China. Although the United States had agreed to the composition of the NNSC in Korea, it objected to the supervision of an armistice in Indo-China by a commission of similar composition, thus the United States was trying to prevent an armistice in Indo-

China. The conference had already reached agreement or had come close to agreement on not a few points and there was "no reason whatsoever why we should stop going on". On June 5 the United States delegate had said that he was prepared to rest the points of difference in the discussion before the bar of world opinion. If he meant to respond to the clamouring of Syngman Rhee about walking out of the conference and thought there was no need for the conference to keep going, Chou En-Lai could not agree nor would world opinion.

2. Ronning spoke next. (Our telegram No. 158 of June 11).[19]

3. McIntosh of New Zealand said it was clear that the spirit of give and take essential for negotiation was wholly lacking. The Molotov proposals, he said, contained much with which it was impossible to disagree, but what good was it to declare principles at the conference when there was fundamental disagreement not only about the method of translating such principles into reality but even about the meaning of the principles themselves. We were in fundamental disagreement about the preparation and conduct of elections. The form of supervision proposed by the Communists was inadequate since it would provide for an unsatisfactory outside body giving advice to an unsatisfactory All-Korean Commission. The United Nations was capable of providing a genuinely impartial supervisory body because it was so broadly based. By abandoning their perverse attitude towards the United Nations the Chinese could open a way for settlement of the Korean problem. The United Nations was unlikely to withhold its endorsement of any supervisory arrangement acceptable to the conference.

4. Nam Il covered no new ground. He endorsed the Molotov resolution and reviewed his own proposals in the light of that resolution. He concluded by attacking Smith's statement of June 5 about the NNSC.

5. Eden opened his statement by expressing his "complete agreement" with everything said earlier by the Canadian and New Zealand representatives. The conference had thrown into relief two fundamental issues, the first being the authority of the United Nations. It was by carrying out the principles of the United Nations Charter that this conference could find a peaceful settlement in Korea. By taking up arms to resist aggression the United Nations had strengthened its authority as a supreme international organization. The second issue was the question of free elections. It was essential that these should be supervised by a truly impartial commission composed so that it could take effective decisions and commanding the authority to carry them out. The All-Korean Commission proposed by the Communists could not work effectively because it would give a veto to the North Korean minority. Moreover, the Chinese proposed Supervisory Commission would leave unaltered the functions and responsibilities of the All-Korean Commission. If no way could be found to resolve the differences on the two basic issues, then we would have to admit that the conference had not been able to complete its task. The United Nations members should report back to that organization concerning this

[19] La déclaration du Canada est tirée du télégramme N° 150 du 10 juin 1954, de la délégation et du télégramme N° 106 du 10 juin 1954 d'Ottawa.
The Canadian statement was based on Delegation Telegram No. 150 of June 10, 1954 and Ottawa Telegram No. 106 of June 10, 1954.

position and this would ensure that while the armistice remained in force the search for a Korean political settlement could be resumed whenever the right moment came.

6. Prince Wan devoted most of his statement to a defence of the moral authority of the United Nations. He reiterated his endorsement of the ROK proposals as a basis for discussion and declared himself in favour of Korean elections being supervised by the United Nations.

7. Spaak spoke forcibly from the briefest of notes. He said that for our side to accept the international supervisory body proposed by the Communists — a body outside the United Nations — would be to admit that the United Nations had been an aggressor in Korea. This would kill the United Nations and the principle of collective security. He then suggested that we could move forward if the Molotov proposals concerning elections could be amended along the following lines: "In order to prepare and organize free general elections throughout Korea the United Nations shall appoint a commission. The members of this commission shall be selected impartially in order to enjoy the trust of both sides. This commission shall act in close co-operation with the Republic of Korea and the Democratic People's Republic of Korea. The questions pertaining to the final composition and terms of reference of this body shall be the subject of further consideration."

If they could not be so amended then we would have to face the conclusion drawn by Eden.

8. Bidault defended the United Nations and rejected the Molotov resolution. He then listed five principles for a Korean settlement. These principles were those which Eden had made at a previous plenary (our telegram No. 22 of May 14) with this small difference that one of them called for United Nations sanction to any Korean settlement. If the Communists rejected these principles the failure of the conference would be their responsibility.

80. DEA/50069-A-90

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

TELEGRAM 161 Geneva, June 12, 1954

CONFIDENTIAL

KOREA

The Americans are preparing a program for submission to the 16 on Monday. In its present tentative state it recommends that we hold no more meetings, either plenary or restricted, as these would merely give the Communists a chance to develop their point about an international guarantee. The representatives of the three Allied inviting powers should write in similar terms to Molotov saying that

they and their associates consider that as the Communists have rejected our two essential principles of United Nations authority and free elections, continued sessions would serve no useful purpose. They are thinking in terms of issuing a joint declaration by the 16, at the same time explaining why we are breaking off the conference. Furthermore, the 16 would prepare a report to the United Nations the general principles of which would be worked out in Geneva with the final drafting left to a working group in Washington.

2. When we discussed this plan at the Commonwealth meeting this morning there was general agreement that it would be very difficult to ask that there be no meetings after yesterday's session because of Spaak's quite specific proposal, Bidault's less specific re-introduction of Eden's principles and the question we had outlined. We may be caught up, however, in what seems to be an American urge to cut short the whole Geneva Conference. (American correspondents and members of the United States delegation make little secret of their hope that there will be no further Communist concessions on Indo-China for the simple reason that if the Communists consider it to their advantage to prolong the conference, the only proper course for our side is to stop it — in order to do it is not quite clear what).

3. Chou's speech yesterday made it clear that the Communists are prepared to talk about Korea indefinitely and that the initiative to break up the conference will have to come from our side. The 16 for the most part had hoped yesterday to move towards more solid ground for a break on the two selected issues but Bidault, intentionally or unintentionally, may have opened up new grounds for debate and Spaak, who arrived in Geneva the night before, made his effective intervention and proposal without consulting the 16.

4. We understand that in its original form the United States draft declaration spoke of the possibility of reconvening the conference but that this was removed by Robertson. He may have acted because of strong ROK objections to any suggestion of suspending the conference.

5. One of those who worried at American pressure for a quick break up is Urrutia of Colombia. As one of the few people here who knows anything about the United Nations he is quite properly concerned about our case in the Assembly. He would like to slow down the American program by requesting three or four days to consider this after it is presented on Monday. I think we should insist on adequate time to seek instructions while showing no inclination to drag the conference on unduly.

6. It will probably be impossible to avoid some kind of joint declaration of the 16 but we fear that this will force us to face the issue of United Nations authority. Spaak took a strong position on the importance of the Supervisory Commission issuing from the United Nations although Eden, Bidault and McIntosh used language on this subject more in accordance with our thinking. While we might get around the question of authority in general terms, it will not be easy to find a formula on the Supervisory Commission which is in accordance with principles stated by you, Eden and Bidault and acceptable to those who are on record as believing that to compromise with the United Nations right to appoint the Supervisory Commission is to destroy the United Nations.

7. We doubt if there will be much inclination among the 16 to press for a restricted session, but if there is any support for such a move we shall use the arguments contained in your telegram No. 109 of June 11. As the possibility of getting the ROK and the Americans to agree to restricted sessions is slight, there might be more (although not much) chance of getting the Chinese to concede points in plenary. We continue to be worried about restricted sessions for negotiation for agreement mentioned in paragraph 7 of our telegram No. 142 of June 7, a view which is pretty widely held among our friends here.

81. DEA/50069-A-40

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

TELEGRAM 163 Geneva, June 14, 1954

CONFIDENTIAL. MOST IMMEDIATE.

KOREA

The sixteen met this morning and after considerable discussion agreed that at the plenary session which Molotov has requested for Tuesday afternoon they would listen to Communist statements then ask for adjournment during which the sixteen could meet. If as expected the Communists presented nothing new, Spaak and Garcia representing a European and an Asian country would make statements in plenary saying on behalf of the sixteen that we saw nothing new in what had been said and as far as we were concerned the conference was at an end and we would report to the United Nations.

2. The next day Eden and Prince Wan as our Chairman would meet with Molotov as Chairman for the other side and present him with our declaration which at the same time would be made public.

3. Consideration was also given to the American draft declaration as contained in our No. 162 of June 13.[20] Certain drafting changes were suggested by Spaak and others and it was agreed that a Drafting Committee consisting of the United States, United Kingdom, ROK, Thailand and Canada should meet this afternoon to attempt to provide an agreed text. If an agreed text is not available by this evening for consideration by another meeting of the sixteen tomorrow morning, a request will be made to Molotov to postpone plenary until Wednesday.

4. The Americans are clearly determined to end the Korea conference at the earliest possible moment with no more than one further session at the most. There was very wide agreement among the sixteen for this policy and unless the Communists introduce some quite unexpected move it would be virtually impossible to alter this programme. Bedell Smith emphasized the importance of breaking off the confer-

[20] Voir/See *FRUS, 1952-54*, Volume XVI, p. 365.

ence now when we had a measure of agreement among the sixteen and urged the desirability also of accepting the American draft without extensive alteration, not because it was a perfectly satisfactory document, but because it represented a compromise among the views of the sixteen. He feared that if any delegation pressed its arguments for alteration we would be involved in endless efforts to reach agreement and made a strong plea for delegations to accept the phrasing which he recognized did not entirely satisfy them in order not to induce discord at this important moment.

5. Pyun who made a few suggested changes gave a pretty clear demonstration of what Smith had in mind by threatening that the ROK might disassociate themselves from the declaration and generally acting like a fighting cock to the intense annoyance of Bedell Smith.

6. It is clear that the United States and other delegations believe they have reached genuine compromise with our views and in their definition of the first principle we believe they have. The reference in the second principle to "supervision of an appropriate United Nations body" is not in strict accordance with our views and both Ronning and McIntosh this morning registered this point at the meeting without provoking a dangerous debate on the subject. In the Drafting Committee we shall make every effort to secure a change in this phrase but we have grave doubts if we shall succeed and we would not want to be responsible for breaking up the fragile unity of the sixteen on this issue. Our three Commonwealth colleagues who are still holding the same position are not prepared to press the point and we hope that you will agree to our not doing so either. What has worried us is that we should be saddled with this position in the United Nations Assembly by reason of our having signed the declaration. However, there has been frank recognition within the sixteen that there is a difference of opinion on this issue and that we are accepting the declaration as a formula for covering our difference and preventing an open breach. Under these circumstances we could probably move from this position in the Assembly if we wished to do so without being accused of bad faith.

DEA/50069-A-40

82.

Le secrétaire d'État aux Affaires extérieures
à la délégation à la Conférence sur la Corée à Genève

Secretary of State for External Affairs
to Delegation to Geneva Conference on Korea

TELEGRAM 113

Ottawa, June 14, 1954

SECRET. IMMEDIATE.

Reference: Your No. 163 of June 14.

KOREA

We agree with the proposal to break and while it looks a little hurried we would not hold back the U.S. timetable; unless, which is unlikely, Molotov had something really concrete to contribute tomorrow.

2. You have well understood and expressed the reservations which we would have on text of declaration given in your 162. We realize the importance of retaining the minimum of apparent unity among the sixteen. We would urge however that as a first preference the second principle should refer to "appropriate international body acceptable to the United Nations"; as a second best we would ask that the phrase "within the framework" introducing the two principles be changed to read "in accordance with". We also think that the use of the phrase "rule of the United Nations" is inaccurate and confusing.

3. If you are unable to obtain either of the above amendments, you may agree to the communiqué going forward; you should make it clear to the Sixteen however that this agreement is with every reservation as to our accepting to be held "within the framework" of the two principles as they are reported in your 162, when the question of Korea is taken up again in the United Nations; and that at the U.N. we would have to interpret "U.N. authority" as a demand by the Communists that we disavow United Nations authority; and "appropriate U.N. body" as an "international body acceptable to the United Nations". This would be our approach at the U.N. and the one I would take before the Canadian Parliament and people.

83. DEA/50069-A-40

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

TELEGRAM 165 Geneva, June 15, 1954

SECRET. MOST IMMEDIATE.

KOREA

My immediately following telegram contains the text of a statement read by Ronning at this morning's meeting of the Sixteen in accordance with instructions in your telegram No. 113 of June 14. In the Drafting Committee we made every effort to secure amendments to meet our wishes but with little success. It seemed appropriate, therefore, to make this honest statement in order to avoid controversy. The Colombian and New Zealand representatives associated themselves with our position. This frank exposition seemed to be well received and we were thanked by several representatives for our accommodating attitude. Bedell Smith expressed appreciation and said that in the same spirit he would explain the American position which was quite different from ours. After the meeting he telephoned to say that he could not thank us enough for the attitude we had taken which had helped him enormously in his very difficult problems with the ROK. He said he had told

Pyun that if he caused any trouble over this question he personally would "side with the Canadians".

2. After agreeing on the text the Sixteen considered tactics in the event that the Communists as expected may this afternoon ask for a reaffirmation of the armistice. It was agreed that in this case Bedell Smith would immediately say that we stood by the armistice and that its continuance was not an issue at this conference. Pyun threatened to follow with an explanation of the ROK position on the armistice but every effort is being made to keep him quiet as he could upset the entire apple cart. We had an ominous indication of his attitude in the Drafting Committee when he opposed the inclusion of the words "by peaceful means" in the final sentence of our original draft which defined the United Nations objectives in Korea. While he did not say that his Government intended to resort to other than peaceful means, he said that this phrase would imply that we intended to go on having more talks with the Communists and more conferences on this subject. In the Korean view we had now exhausted these peaceful means. We finally got round the problem by altering the conclusion of the declaration.

3. Bedell Smith was extremely sharp with Pyun this morning and is clearly in no mood to stand for any nonsense.

DEA/50069-A-40

84.

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

TELEGRAM 166 Geneva, June 15, 1954

SECRET. MOST IMMEDIATE.

Reference: My immediately preceding telegram No. 165 of June 15.

KOREA

Text Begins:

I should like, under instructions, to make a brief statement of the Canadian position on the draft declaration. In order to avoid any appearance of disunity at this important time and in order not to delay the programme for ending this Conference on which we have all agreed, we are prepared to accept the declaration and sign it. We appreciate the spirit of compromise with which other delegations have sought to meet our views but we feel bound to make clear, however, that the declaration as it now stands in several respects does not represent the views we have put forward at this Conference and continue to hold. We have no intention of making any public declaration of dissent. We consider, however, that we should frankly explain that when this subject is considered again in the United Nations or in any other Conference in which we might take part we would feel free to put forward again the views which we have expressed here and which have been stated as Canadian policy by

the Secretary of State for External Affairs before Parliament. In the circumstances we would wish to interpret the reference in the third paragraph to "the authority of the United Nations" in the context in which we have used it at this conference which was for the purpose of rejecting the Communist denial of the legitimacy of the United Nations mission in Korea. We would also wish to interpret the reference to "United Nations supervision" in the second principle as embracing our formula of "an International Body acceptable to the United Nations".

2. I should like to make clear that I am not raising this question for further discussion. We accept an honest difference of opinion on the subject but would like to make this explanation to our friends in order to avoid any possible charges of bad faith. Ends.

85. DEA/50069-A-40

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

TELEGRAM 167 Geneva, June 15, 1954

CONFIDENTIAL

Reference: Our telegram No. 166 of June 15.

KOREA

Following is draft declaration by the sixteen "as agreed upon at this morning's meeting", Text Begins:

Pursuant to the resolution of August 28, 1953 of the United Nations General Assembly and the Berlin communiqué of February 18, 1954 we as nations who contributed military forces to the United Nations Command in Korea have been participating in the Geneva Conference for the purpose of establishing a united and independent Korea by peaceful means.

We have made a number of proposals and suggestions in accord with the past efforts of the United Nations to bring about the unification, independence and freedom of Korea and within the framework of the following two principles which we believe to be fundamental:

1. The United Nations under its Charter is fully and rightfully empowered to take collective action, to repel aggression, to restore peace and security and to extend its good offices to seeking a peaceful settlement in Korea.

2. In order to establish a unified independent and democratic Korea, genuinely free elections should be held under United Nations supervision for representatives in the National Assembly in which representation shall be in direct proportion to the indigenous population in Korea.

We have earnestly and patiently searched for a basis of agreement which would enable us to proceed with Korean unification in accordance with these fundamental principles.

The Communist delegations have rejected our every effort to obtain agreement. The principle issues between us therefore are clear. Firstly we accept and assert the authority of the United Nations. The Communists repudiate and reject the authority and competence of the United Nations in Korea and have labelled the United Nations itself as the tool of aggression. Were we to accept this position of the Communists, it would mean the death of the principle of collective security and of the United Nations itself. Secondly we desire genuinely free elections. The Communists insist upon procedures which would make genuinely free elections impossible. It is clear that the Communists will not accept impartial and effective supervision of free elections. Mainly, they have shown their intention to maintain Communist control over North Korea. They have persisted in the same attitudes which have frustrated United Nations efforts to unify Korea since 1947.

We believe, therefore, that it is better to face the fact of our disagreement than to raise false hopes and mislead the peoples of the world into believing that there is agreement where there is none.

In the circumstances we have been compelled reluctantly and regretfully to conclude that so long as the Communist delegations reject the two fundamental principles which we consider indispensable further consideration and examination of the Korean question by the conference would serve no useful purpose. We reaffirm our continued support for the objectives of the United Nations in Korea. In accordance with the resolution of the General Assembly of the United Nations of August 28, 1953, the member states parties to this declaration will inform the United Nations concerning the proceedings at this conference. Text Ends.

DEA/50069-A-40

86.

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

TELEGRAM 172 Geneva, June 16, 1954

CONFIDENTIAL

Reference: Our telegram No. 160 of June 12.

KOREA

Yesterday the Korean phase of the Geneva Conference was terminated according to plan. Other plans for the session went astray. The Communists undoubtedly know our intentions in this respect and came well prepared.

2. Nam Il began by saying that the rejection by the United Nations side of the Communist proposals made it clear that the conference was now unable to reach

agreement on the peaceful unification of Korea, although he thought that we should still try to reach a satisfactory solution. Therefore, the conference should consider the problems pertaining to the strengthening of peace in Korea. He then proposed that the conference participants should agree to continue their efforts for agreement in the interests of ensuring peaceful conditions in Korea. They should:

(a) Recommend to the governments concerned the proportionate withdrawal of foreign troops from Korea as soon as possible.

(b) Reduce within a year the North Korean and South Korean troop strengths to 100,000 men each.

(c) Form from representatives of both Koreas a commission to recommend to both governments proposals for the gradual liquidation of the state of war and of the transition of troops on both sides to "a peaceful position".

(d) Recognize that treaties between either Korea and other states which involved military obligations were incompatible with a peaceful unification of Korea.

(e) Form an all-Korean committee to work out and implement agreed measures for establishing economic and cultural relations between the two Koreas.

(f) Recognize that the Geneva participants should ensure the peaceful development of Korea.

3. Chou En-Lai said the conference should continue its discussion of the Molotov principles. However, it was clear that the United States delegate and the other delegates following his lead were unwilling to reach any agreement on the peaceful unification of Korea. In the circumstances, we should then strive for agreement on the question of consolidating peace in Korea. Therefore, he supported the Nam Il proposals. The Armistice Agreement would not make for the stable peace necessary for the eventual peaceful unification of Korea. Paragraph 60 of the Armistice Agreement obliges the countries concerned to withdraw their troops after the armistice. He then went on to argue the reasonableness of the programme presented by Nam Il and proposed that it be studied in restricted session by the delegates of China, the Big Four and the two Koreas.

4. Molotov referred to Eden's statement of May 13 that it was necessary for the conference to agree on basic principles and said that it was because he shared Eden's point of view that he had made his five proposals. However, these had been met with a "rude refusal" by the United Nations side to consider them concretely. On June 11 the Canadian representative had asked "so many irrelevant and completely inappropriate questions concerning the Soviet proposals . . . that this may be only considered as an attempt to confuse the issue". Did that representative by attacking his proposals mean also to attack Eden's basic principles. Concerning our two issues he reiterated that his government stood for the authority of the United Nations not to be undermined by violations of its Charter and the principle of free elections was fully provided for in his proposals. It was clear that the stand taken by the United Nations side made agreement impossible on even the first steps towards Korean unity. In the present conditions, the eventual unification of Korea could best be facilitated by the proposals now put forward by Nam Il which were in the interests of the Korean people and of strengthening international peace. He then attacked the United States-ROK Defence Treaty as meaning the permanent foreign

occupation of the Korean territory. United States "aggressive circles" were seeking to make South Korea a spring-board "for unleashing a new war in the Far East". In conclusion, he suggested that the conference should subscribe to a declaration, the text of which is carried by my immediately following telegram.

5. At this point the conference recessed and the Sixteen met according to plan. Bedell Smith termed the presentation by the other side "extremely well done". In the circumstances, he now thought that our joint declaration should be read in plenary. Spaak agreed and pointed out that it would be almost impossible to oppose Molotov's declaration. Smith said that he was prepared to refer to the Armistice Agreement as providing for the cessation of hostilities in perpetuity. The Molotov declaration was only a statement of good intent. Eden said that he didn't see how we could avoid accepting the declaration. Smith stated that his delegation could not subscribe to the second part of the declaration "because we haven't that confidence". He noticeably made no distinction between the Koreas on this occasion. It was finally agreed that Smith should make his statement on the Armistice Agreement. Casey criticized the Nam Il proposals. Garcia reiterated that we would not compromise on our two issues and Prince Wan read our declaration into the record.

6. At the resumed session Smith said that the Armistice Agreement would remain in effect as long as the Communists observed it. Moreover, it provided for everything in the Molotov declaration and in much more exact terms. Casey said the Nam Il proposals put the ROK on a par with the aggressor regime in the North and sought to deny ROK access to its friends. In turning to the Molotov declaration he said that while he would agree with its tone, he could not take the responsibility of expressing confidence that North Korea might not threaten the peace.

7. Garcia flooded the ground he sought to cover with rhetoric, but otherwise fulfilled his assignment. Spaak speaking extemporaneously made similar points more economically. He said that he would have supported the Molotov declaration except that the Armistice Agreement already dealt with the matter. The time had come to separate, but nothing had been lost and in time it should be possible for the parties to meet again and continue their efforts to reach agreement.

8. Pyun continued his record of unfortunate interventions by saying that the Communist speeches had proved that they were trying to conquer all Korea through infiltration. The Molotov declaration was part of this sinister scheme. Then Prince Wan read the declaration of the Sixteen.[21]

9. Molotov said he doubted whether all the Sixteen had read the Nam Il proposals. It was clear that the United Nations side frustrated efforts to reach agreement here because they wanted to use the conference to foist the South Korean regime on North Korea. With Rhee crying for a new crusade to the North he had hoped that the conference would say a word for peace. There was nothing in our declaration which would help to secure peace in Korea.

10. Chou En-Lai pointed out that the Armistice Agreement was binding only on two belligerent sides. The conference should have its own agreement but the United

[21] Voir/See *FRUS, 1952-1954*, Volume XVI, pp. 385-87.

States were against any agreement on the Korean question. He then made a proposal, the text of which is carried by my immediately following telegram.

11. After Lord Reading had said that a break-off here did not mean the abandonment of hope for the future and Spaak had said he did not oppose the spirit behind the proposals of Chou En-Lai and Molotov, Chou stated that our declaration was that of one side only. Why should the conference not express a common desire to try again to solve the Korean problem. If we didn't have this much spirit of negotiation, it would be a matter of deep regret to him. Spaak then said that to remove any doubt about his attitude he would be prepared to agree to Chou's proposal. When Eden asked if Spaak's position was generally acceptable Smith intervened to say that the Chou proposal made this conference responsible for a Korean settlement. It was not intended to be a permanent body set outside of the United Nations. It had been given a specific mission which it had been unable to achieve. He was, therefore, not prepared to associate himself with the declaration. Our own declaration had made it clear that the Communists could begin new negotiations any time by accepting our two principles. Eden, as Chairman, then said that since there was no voting procedure the conference could only take note of the various points raised. No one challenged Eden on this point.

12. Chou En-Lai said he was pleased that the conference would take note of the proposal made by him and seconded by Spaak. He now knew how the United States delegate had been preventing the conference from ever arriving at the least conciliatory agreement. Pyun then said it was not right for the conference to make a joint statement and that Spaak was not representing the ROK.

13. Spaak then sought to extricate himself from his unfortunate position by saying that he supported the Chou proposal because it stressed the hope that there would be more discussion on Korea. He thought such discussion should be in the United Nations. Chou replied that this could mean that China would be excluded from further negotiations. That would make eventual agreement on Korea impossible.

14. There were no more speakers.

87.

DEA/50069-A-40

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

TELEGRAM 174

Geneva, June 16, 1954

CONFIDENTIAL

Reference: Our telegram No. 172 of June 16.

KOREA

The concluding session of the Korean Conference was in many respects a pretty sorry affair. The Communists pressed hard and skilfully to break our common front

and their delight when a crack appeared was illustrated by the bursts of gleeful laughter from all the North Koreans when Pyun said in Korean that Spaak did not speak for the 16. The situation would have been much worse if Eden had not been in the Chair and able to produce a formula which, while not impeccable, succeeded in stopping the meeting before we were all in disarray. Spaak's indignation over American intransigence, the confusion which the Communist proposals had thrown into our ranks and the hesitation of delegates to differ with the Americans were all dramatically evident to those present. It must have done a good deal to confirm Communist beliefs about our position vis-à-vis the United States and the ROK.

2. The basic cause of the trouble, in our view, was the rigidity of American instructions. We assume that they were unable to consider any joint declaration with the Communists because of Dulles' rebuff to Bedell Smith's earlier proposal along this line (our telegram No. 127 of June 3). While some of their criticisms of both Soviet and Chinese proposals were justified, it is more difficult to justify their refusal to consider them at all or even to suggest amendments. Assisted by Spaak they found a clever formula to get round accepting the Soviet proposal, but it was at best a debating point. It is possible also that we lost a useful opportunity to secure a Communist declaration that would provide some moral deterrent to North Korean aggression. The Chinese proposal was perhaps more objectionable in that it did seem to confirm the permanence of the present machinery without reference to the United Nations as at least an alternative body to consider a settlement, but this might have been made a matter of interpretation. Furthermore, it is not inconsistent with the United Nations resolution of last August. As Spaak pointed out, we should not seem to be rejecting the principles of the first paragraph to the effect that we were prepared to continue our efforts to find a settlement.

3. There was a good deal of feeling at the beginning of the caucus which we shared that we ought not to reject the Soviet proposal out of hand, but the Americans were not to be moved and the formula of referring to the armistice was accepted as a compromise. We had of course no time to discuss the Chinese proposal. Spaak, who had been indignant over the treatment given to the Soviet proposal, exploded over the Chinese suggestion. As his neighbours he consulted us. We agreed *sotto voce* that it seemed to us unwise to reject the resolutions but warned him of our understanding of American instructions. When he took his stand for free speech we felt some obligation to support him. We were on the point of backing him up in terms which would interpret the Chinese proposal in the light of the declaration of the 16 when Eden launched his compromise suggestion and it was then clearly better to say nothing that might lead to further public declarations and a general debate.

4. There may be certain compensations. Perhaps in the long run this gesture of free thinking will be seen as good democratic practice. It certainly provided some relief for the feelings of those who have had to knuckle under to Mr. Pyun for so long. From the point of view of our own intentions and your instructions it is perhaps a gain that the Americans were put in a position to reaffirm our belief that the armistice continues and to do so in terms that Pyun did not publicly reject at the conference. Spaak, furthermore, in his initial statement and in his gesture made

clear that the 16 were by no means united in rejecting further efforts at a settlement.

5. On the whole the Communists took the closing of the conference relatively mildly. One would not have expected them to miss any opportunity of placing the blame on the United States and the ROK but they might have made more strenuous efforts to prolong the conference. There was even a note of resignation in Molotov's initial statement. He was quite aware of what we had in mind partly because it was pretty well reported in the press and partly because Eden had talked to him of the possibility several days ago and found him not much surprised or upset by the suggestion. Although we were not able to end even on a note of agreement to disagree it was not a particularly bellicose finale.

3e PARTIE/PART 3

RETRAIT DES FORCES CANADIENNES
WITHDRAWAL OF CANADIAN FORCES

88. PCO

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

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 167-54 Ottawa, July 26, 1954

SECRET

REDUCTION OF FORCES IN KOREA

The possibility of reducing Canadian forces in Korea has been under consideration for some time. The only decision that has been taken is the Cabinet decision of January 11, 1954 that the total number of Canadian military personnel in South Korea should be gradually reduced, provided that this is done consistently with Canadian obligations to the United Nations.

2. On the basis of a Cabinet decision of September 24, 1953, however, the United Kingdom Government was informed that, on the assumption that it might be possible to reduce the Commonwealth Division to an integrated brigade group pending its complete withdrawal from Korea and, so far as the Canadian forces were concerned, from the Far East, the appropriate Canadian contribution would be one infantry battalion and that a reduced Canadian naval contribution might be one destroyer or frigate. It was to be understood that no firm commitment was implied.

3. The Minister of National Defence subsequently agreed that Canada might also contribute one field ambulance at a reduced strength tailored to the field medical needs of the proposed brigade group.

4. Military representatives in London of the Commonwealth nations concerned have recently examined the stages in which Commonwealth military forces in

Korea could be reduced. Their report, dated June 10, differs only slightly, so far as Canadian forces are concerned, from a directive issued by the Canadian Chiefs of Staff with the concurrence of the Minister of National Defence.

5. The report recommends that the reduction take place in two phases. In the first phase the Commonwealth Division would be reduced by the withdrawal of one brigade group. In the second phase it would be further reduced down to one brigade group. The military representatives further recommend that the Commonwealth identity of the forces remaining in Korea should be preserved, and that any suggestion that other United Nations forces be incorporated in the Commonwealth Division should be resisted.

6. It is estimated that Canadian Army strength in the Far East would be reduced in the first phase by approximately 30%, in the second phase by approximately 77%. The contribution of the Royal Canadian Navy would be reduced concurrently by the withdrawal of two destroyers during the first phase, leaving one destroyer or frigate in Korean waters. There are no units of the Royal Canadian Air Force involved.

7. The report has already been approved by the United Kingdom and New Zealand Governments.

8. I recommend, with the concurrence of the Minister of National Defence, that the report be approved in principle as a basis for discussion with the United States authorities. I further recommend that approval be given for these discussions to commence as soon as the other Commonwealth Governments concerned are in agreement.[22]

L.B. PEARSON

PCO

89.

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], August 11, 1954

REDUCTION OF FORCES IN KOREA

38. *The Secretary of State for External Affairs* referring to discussion at the meeting of July 28th, 1954, said that the United States had recently informed the 16 governments who had forces in Korea that further American troops would be withdrawn and that the U.S. hoped to reduce their contingent to a strength of 2 divisions in the near future. At the same time, the U.S. authorities had said they hoped the other nations would keep a force of divisional strength in Korea. In effect this would mean the maintenance of the Commonwealth Division at full strength. It would be recalled that an agreement had been reached with the United Kingdom and New Zealand whereby the Commonwealth Division would be reduced initially

[22] Approuvé par le Cabinet, le 28 juillet 1954/Approved by Cabinet, July 28, 1954.

by 30 percent and in the second phase by 77 percent of the forces committed, and that the matter would be discussed with the United States as soon as full agreement had been reached with other Commonwealth nations concerned. The Australian Prime Minister had now indicated that he saw no reason for immediate discussion of the problem in Washington and that the matter might be considered at the conference which was to be held in the Philippines, on September 9th, on the possibility of establishing a Southeast Asia Defence Organization. As Canada would not be attending the conference in the Philippines and would, for the present, at least, not be associated with this possible S.E.A.D.O., this seemed clearly undesirable. We should press for immediate discussion of the problem in Washington and thereafter make what announcements would be necessary. It was important to proceed expeditiously with the withdrawal of United Nations forces from Korea as President Rhee had been receiving some informal advice that the U.S. people would support him in any active operations which he might initiate. Such support was highly unlikely and the further withdrawal of United Nations' forces would help to make it clear that Mr. Rhee could not expect the support he undoubtedly hoped for. United Nations forces, including the Commonwealth Division, should be reduced in size as soon as possible and an announcement made of what was being done.

39. *The Cabinet* noted the report of the Secretary of State for External Affairs regarding the reduction of Commonwealth forces in Korea and agreed that the Australian authorities be informed it would be desirable to discuss the matter in Washington as soon as possible and not at the conference being convened in the Philippines to consider a Southeast Asia Defence Organization.

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90.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], August 18, 1954

KOREA; WITHDRAWAL OF CANADIAN TROOPS

32. *The Secretary of State for External Affairs*, referring to discussion at the meeting of August 11th, said that public announcements had recently been made that the United States proposed to reduce its forces in Korea by three divisions. In view of this announcement, consideration should now be given to the nature of the reply to enquiries regarding the Canadian government's intentions as to Canadian military forces yet remaining in South Korea.

33. *The Cabinet*, after discussion, agreed that in reply to any enquiry regarding the Canadian government's intention as to reductions of Canadian military forces in South Korea, it be stated that the form of the reduction in the size of the Commonwealth forces still in Korea was now under consideration.

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PCO

91. *Extrait des conclusions du Cabinet*
Extract from Cabinet Conclusions

TOP SECRET [Ottawa], September 8, 1954

. . .

KOREA; WITHDRAWAL OF CANADIAN TROOPS

41. *The Minister of National Defence*, referring to discussion at the meeting of August 18th, 1954, reported that agreement had now been reached with other U.N. nations having forces in Korea concerning the withdrawal of troops from that country. It was proposed to reduce the Canadian forces to the strength of one infantry battalion and a field ambulance by the end of the year. One of the battalions was due for relief in October, the others in April and May, respectively. It had been suggested that the first of these be relieved by the despatch of an additional battalion immediately and that all the infantry units now in Korea be returned to Canada at the time agreed upon. While this seemed a natural administrative course, the public would likely think it strange to begin the withdrawal of troops from Korea by sending out to that country a new battalion. He thought that the best course would be to bring home the two battalions which had served the longest in Korea and leave the third one there until May if this were necessary. If it were found that Canadian troops would still be needed after that time, the situation would be reconsidered in the light of the existing circumstances. He proposed to make a public announcement as soon as the plans for reducing the strength of the contingent had been settled.

42. *In the course of discussion*, it was pointed out that the troops belonged to the permanent force and, further, that it would be extremely difficult to create a composite battalion of those persons who might volunteer to remain in Korea beyond the normal tour of duty there.

43. *The Cabinet* noted with approval the report of the Minister of National Defence concerning the proposals for the withdrawal of Canadian troops from Korea.

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4e PARTIE/PART 4

COMMISSION DE SURVEILLANCE DES NATIONS NEUTRES
NEUTRAL NATIONS SUPERVISORY COMMISSION

92. DEA/50069-A-40

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

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

CONFIDENTIAL [Ottawa], October 14, 1954

KOREA — FUTURE OF THE NEUTRAL NATIONS SUPERVISORY COMMISSION (NNSC)

I attach copies of the following communications between the Department and our Washington Embassy concerning the desire of the United States to render the NNSC inoperative:

Washington teletype WA-1693 of September 27;†
Our teletype EX-1828 of October 4;†
Washington despatch No. 1743 of October 6;†
Washington letter No. 1756 of October 8;†
Washington teletype WA-1788 of October 13.†

Briefly, the situation is this: President Rhee wants the Czech and Polish members of the NNSC and its inspection teams out of his territory. In South Korea there have been public demonstrations against the Commission and some attempts to do bodily harm to Communist representatives. While Mr. Rhee was visiting the United States last July, Mr. Dulles promised him that the United States would continue to press the Swiss and Swedes to withdraw their representatives and so bring about an orderly termination of the Commission. Mr. Dulles also stated publicly that the United States was sympathetic to the abandonment of the NNSC.

The Swiss and Swedes have given no indication that they are prepared to withdraw from the Commission before the Korean item is debated in the General Assembly. (Our latest information concerning their respective positions is contained in Stockholm and Berne telegrams No. 31 of October 8† and No. 49 of October 12† respectively, copies of which are attached). Therefore, the State Department, under South Korean and Pentagon pressure for quick action, has sought the approval of Mr. Dulles for a plan by which those governments represented on the Group of Sixteen would suggest in concert to the Swiss and Swedish governments that they withdraw their representatives from North Korea to the demilitarized zone. Such action would permit the United Nations Command to usher the Czechs and Poles out of South Korea to the same zone. This proposal was communicated by the State Department to Old Commonwealth representatives, who were informed that it would probably be put to the Group of Sixteen very shortly.

We disliked the proposal because we thought *inter alia*:

(a) that our membership on the International Supervisory Commissions in Indochina would be sufficient in itself to preclude us from joining in a concerted approach to the Swiss and Swedes;

(b) that rather than abandon the Commission, an attempt should be made to widen its powers of inspection, since precedents for freer inspections behind the Iron and/or Bamboo Curtains would be desirable;

(c) that the execution of the plan would have bad effects in neutral Asia, might encourage the South Koreans to try to whittle the Armistice Agreement down elsewhere, and at the Assembly might provide the Soviet Delegation with a good opportunity to charge the UNC with violation of the Armistice Agreement.

We requested the Embassy to convey our thinking on these lines to the State Department and Old Commonwealth representatives.

The State Department were not impressed and indicated that if the other governments concerned could not agree to action along the lines of their proposal, the United States might order the UNC unilaterally to remove the Communist members of the NNSC from South Korea. As for the rest, our Embassy reports that only the Australians have been instructed to approach the State Department, and their position is very similar to ours.

The latest development is that, without convening a meeting of the Sixteen and with knowledge of our position, the State Department has asked whether the United Kingdom and France would join them in an approach to the Swiss and Swedes on behalf of the Sixteen to win acceptance of their plan concerning the NNSC.[23]

The United Kingdom position has been that while they would welcome the withdrawal of the Swiss and Swedes from the Commission, they did not think any unilateral denunciation should be made which, especially in view of the manner in which the Korean item ended at Geneva, would play directly into Communist hands. Early in September, however, on being informed that the United States would make further approaches to the Swiss and Swedes requesting their immediate withdrawal, and on being urged by the State Department to join them in making similar approaches, the British requested the Swiss and Swedes to take an immediate decision, without suggesting what this should be or asking them to withdraw from the Commission immediately. We have no information as to British thinking on the latest State Department proposal.

The French, on the other hand, have made representations to the Swiss and Swedes against the premature dissolution of the Commission. They have been worried lest its dissolution through the departure of these representatives might cause the Polish members of the Commissions in Indochina to make difficulties, and that, out of sympathy with their treatment in Korea, the Indian members might adopt a line more favourable to the Communists than they would otherwise. The French were also concerned about the possible repercussions this might have on their forces in northern Viet Nam before they were all withdrawn to Haiphong. the

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[23] Note marginale :/Marginal note:
By what right would they act for the 16! L.B. Pearson

French therefore prefer that the Swiss and Swedes should postpone their withdrawal from the Commission for at least six months.

We find little merit in the arguments advanced by the State Department in opposition to the views carried in our teletype EX-1828. These arguments are not new and seem to have as their basis the idea that Mr. Rhee must be placated. Moreover, we do not think that any of them invalidate the French reasons for wanting the NNSC to continue for at least six months, which reasons seem to us basically sound.

Since our Embassy has requested further instructions from us on which to base their comments at the probable meeting of the Sixteen next week, when the State Department are expected to put forward their suggestions, you might wish to consider for despatch the attached draft teletype to Washington, repeated to our Delegation in New York and to London.

J[ULES] L[ÉGER]

93. DEA/50069-A-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1905 Ottawa, October 19, 1954

CONFIDENTIAL

Reference: Your despatch No. 1743 of October 6† and Teletype WA-1788 of October 13.†

KOREA — FUTURE OF NNSC

I would be grateful if you would take an early opportunity to ask a high officer of the State Department if they would be good enough to reconsider in the light of my following comments their proposal to render inoperative at an early date the Neutral Nations Supervisory Commission in Korea.

2. Since my return from the Nine Power Conference in London I have reviewed the papers on this subject.[24] The UN Command's dissatisfaction with the restrictions placed by the North Korean authorities, and connived in by the Polish and Czech members of the NNSC, on the freedom of the inspection teams in North Korea to look into reports of military material being brought in by routes going around the fixed ports of entry is quite understandable and is appreciated. The protests made through the Military Armistice Commission were helpful in securing in the letter of the Indochina armistice agreements the promise of greater freedom for our inspection teams. We are now struggling to get maximum freedom in practice

[24] Voir le chapitre 3, 4e partie.
See Chapter 3, Part 4.

— and this may be very important (a) in assisting the Laos Government to take over administration of the two northern provinces of Phongsaly and Sam Neua, where the Pathet Lao forces are being concentrated, (b) in preventing reprisals and providing freedom of movement to the Southern zone as set out in Articles 14(c) and (d) of the Vietnam agreement, and (c) in ensuring maximum freedom during the Vietnam elections which the Geneva Conference has set for July 1956. I believe that every effort should be made to broaden the precedents for freer inspections behind the Iron and Bamboo Curtains and that the implications of the action and method of action contemplated for Korea as it may affect Indochina and other situations where international inspection has been proposed should be very carefully thought through.

3. I recognize the pressure being exerted by President Syngman Rhee for curtailing the activities of the Czech and Polish members of the NNSC in South Korea. These representatives cannot obtain a fraction of the intelligence that North Korean spies can pick up. Also, the psychological aspects of the problem is important but perhaps some other means than dissolution can be found of deflecting Rhee's anger. If he succeeds in upsetting this part of the Armistice Agreement he may turn his attention to other parts of it. My inclination would be not to tamper with the Agreement at this time.

4. Possibly the United States Government has given President Rhee some assurance that it will take some action before long. I recognize that the argument can be made that the Korean Armistice has now been sufficiently stabilized so that action to render the NNSC inoperative would probably not upset the Armistice. Nevertheless, I am not in favour of such action being taken even if the problem could be regarded as a purely Korean one. In any event, because of Canadian membership on the International Supervisory Commissions in Indochina, whose functions are somewhat similar to those of the NNSC, the Canadian Government could not be associated with any concerted approach to the Swiss and Swedish governments to get them to withdraw their representatives, nor could it be a party to any authorization to the UN Command to evict the Czech and Polish representatives from South Korea.

5. If, taking into account the views outlined above, the United States Government, with the support of some other governments, is still determined to go ahead with taking some action, I would be grateful if consideration could be given to the following suggestion regarding procedure. I think that the most constructive way of dealing with this problem, if it is felt that some action must be taken, would be for the UN Command representative to introduce in the Military Armistice Commission proposed amendments to the terms of reference of the NNSC with, say, a six months time limit for their substantial adoption and implementation. The amendments proposed might give the NNSC at least the freedoms promised in Indochina and there might be detailed rules of procedure appended that ensured that the Swiss and Swedish members' enquiries were not blocked by the Czechs and Poles. The introduction of these proposed amendments in the MAC should help to keep the Korean action from affecting adversely the working of the Indochina Commissions. Six months time would be given to consolidate the Armistice in Indochina and to secure maximum freedom for the inspection teams there. I would hope, also,

that President Rhee would be satisfied that the introduction of these amendments with a time limit represented sufficiently vigorous implementation of any assurances given him.

6. If the United States Government accepts the suggestions outlined in the preceding paragraph, we would be prepared to have a Canadian representative join them and any other interested government representatives in drawing up on a confidential basis proposed amendments to the terms of reference of the NNSC and implementing rules of procedure.

7. Please inform Embassies of old Commonwealth and French governments when these representations have been made. I hope that these views can be conveyed before the meeting of the Group of Fifteen. If not, please speak along these lines at the meeting.

94. DEA/50069-A-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1822 Washington, October 20, 1954

CONFIDENTIAL

Reference: Your teletype EX-1905 of October 19, 1954.

FUTURE OF N.N.S.C.

The views contained in your telegram under reference on the United States proposals concerning the NNSC were given on October 20 to Everett Drumright, the Deputy Assistant Secretary for Far Eastern Affairs. He noted the views and said they would be taken into account but we suspect that they will not lead to any significant change in the United States attitude on the matter.

2. After listening to the views which we put forward Drumright advanced the United States arguments which were dealt with in some detail in our despatch No. 1743 of October 6.† Drumright indicated the strong belief of the State Department that an action such as that proposed by the United States with respect to the NNSC would have a salutary effect on the Polish members of the Indo-China Supervisory Commissions. Turning a blind eye to known contraventions of the armistice agreement in Korea could only confirm Communist powers generally in their belief that they could ignore international commitments of this sort with impunity. It was the United States opinion that now was the time for firm action to disabuse them of this idea. In the United States opinion the first beneficiaries of relatively strong action by our side would be the Indo-China Supervisory Commissions.

3. In commenting on your suggestion for action through the Military Armistice Committee, Drumright expressed the opinion that any attempt to amend the terms of reference of the NNSC would, in fact, involve amending the Korean armistice

agreement as a whole. The State Department is of the opinion that the Communists would either refuse to negotiate or would spin the negotiations out indefinitely. Any attempt to attack the problem in this fashion would, in the State Department's opinion, lead to repetition of the dreary negotiations of Panmunjom which would not meet the point at issue and which might conceivably create larger problems with respect to the armistice agreement.

4. Drumright buttressed these two main arguments with additional arguments which might be mentioned summarily:

(a) The United States Government was not acting in this matter simply as a result of pressure exerted by President Rhee but also because of the views of the United Nations Command; and also because it, as a government, was convinced that Communist flouting of international responsibilities could not be endured indefinitely.

(b) The United States Government had every reason to believe that the Swiss and Swedish Governments were anxious to be rid of the tasks which they had assumed in Korea and would respond favourably to any definite action initiated by the UNC.

(c) The United States Government was convinced from the information which it had received that the Czech and Polish members of the NNSC in South Korea were obtaining substantial intelligence which could not be duplicated by North Korean espionage agents.

5. Drumright said that he was not certain now when the United States proposal would be put before the sixteen, although he implied that it would be in the very near future. We have learned that the United States proposal to the United Kingdom and French Governments which was dealt with in our telegram WA-1788 of October 13† has neither been rejected or accepted as yet. Presumably the State Department will wish to have definite answers from these two governments before proceeding with a meeting of the sixteen.

6. The substance of your telegram under reference was given to the State Department, Old Commonwealth Embassies and the French Embassy as an "oral memorandum" i.e. an unsigned summary of your telegram.

95. DEA/50069-A-40

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

Secretary of State for External Affairs to Embassy in United States

TELEGRAM EX-1971 Ottawa, October 28, 1954

SECRET

Reference: Your teletype WA-1822 of October 20.
Repeat Candel New York No. 199; London No. 1674.

KOREA — FUTURE OF NNSC

Following from USSEA, Begins: We remain as unimpressed by State Department arguments in favour of their proposal relating to the NNSC as they seem to be by our arguments against it.

2. Therefore, should the State Department put forward their proposal at an early meeting of the Sixteen, you should stand with one exception on the views we have set out in our teletypes EX-1905 of October 19 and EX-1828 of October 4.† That exception concerns the State Department assertion that the Czech and Polish members of the NNSC in South Korea were obtaining "substantial intelligence which could not be duplicated by North Korean espionage agents". Since the Americans are now echoing the same line as the South Koreans on this issue, we cannot very well challenge its factual basis. However, you might meet this assertion obliquely by suggesting as a possibility that means consistent with the Armistice Agreement might be available to the United Nations Command to prevent the Czechs and Poles from engaging in further important espionage activities.

3. Presumably the next meeting of the Sixteen will provide representatives of members other than France and the old Commonwealth with their first opportunity to learn about the State Department plan; the representatives of certain countries will probably wish to refer the proposal back to their governments before commenting on it to any extent. The meeting might therefore develop in a manner which would enable you to avoid taking the lead in criticizing the proposal. We would hope so. Nevertheless, you should make clear to the meeting that we are not anxious to join in any concerted approach to the Swiss and Swedish governments along the lines the State Department envisage. If the United States should in the end decide to take unilateral action to render the NNSC inoperative, we might have to reserve our position and retain the right to explain it publicly if necessary. However, it would seem too early as yet for us to set forth our position in such rigid terms. We prefer to deal with the matter one step at a time, and the next step is the meeting of the Sixteen.

4. For your own very confidential information, we are reliably informed that the Senior Member of the UNC component of the Military Armistice Commission has suggested to the Commander-in-Chief UNC that the MAC itself should be dissolved and its work taken over by a Joint Secretariat. His view is that the MAC has served its purpose and has nothing further to accomplish. He has also recommended that if this proposal prove unacceptable to the Communist side of the MAC, then the UNC should take unilateral action and leave only secretaries at Munsan-Ni or Seoul. It would seem that any decision on this proposal will be deferred pending action relating to the NNSC. Meanwhile, the UNC has ordered UNC representatives on the Joint Observer Teams to deny categorically all Communist charges of ground violation by our side, and its members on the MAC to resist any Communist suggestion that such incidents be investigated by the NNSC.

5. Recently for the first time in many months the NNSC was able to file a unanimous report with the MAC. This does not necessarily mean that the NNSC is now operating in North Korea as efficiently as the Swiss and Swedes would wish but it does indicate an improvement in relations on the Commission and any such

improvement would seem to make a negative contribution to the ease with which the Swiss and Swedes can withdraw from the Commission on the terms the Americans wish. Ends.

DEA/50069-A-40

96.

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

Embassy in United States
to Secretary of State for External Affairs

TELEGRAM WA-1977 Washington, November 18, 1954

CONFIDENTIAL

Reference: Our teletype WA-1960 of November 16.†

FUTURE OF THE NNSC

I attended the meeting on Thursday, November 18, convened by the State Department to discuss an approach to the Swiss and Swedish Governments concerning the NNSC. Murphy, the Deputy Under-Secretary, was in the Chair.

2. Murphy opened the meeting with an outline of the United States views on the subject. He said that tensions were increasing in the Republic of Korea by reason of the presence of Polish and Czech members of the NNSC who were engaged in "sabotage and espionage" in South Korea. Whether everyone agreed or not with the ROK point of view on the matter it was essential to deal with the facts of the situation as they were. The UNC could be put in an untenable position if violence were to occur. The original thought of the United States had been to try to get agreement among the fifteen interested governments for an approach to the Swiss and Swedish Governments with a suggestion that they should withdraw their representatives from the inspection teams in Korea. In the course of discussion with other governments a compromise plan had been broached which Murphy hoped would carry the "community point of view".

3. Murphy proposed for the consideration of the meeting the scheme which has been dealt with in earlier correspondence and which would involve,

(a) An approach by the Swiss and Swedish representatives on the NNSC to the Military Armistice Commission reporting that the NNSC was unable to function because of Communist intransigence,

(b) An approach by the Swiss and Swedish representatives to the Military Armistice Commission with a view to developing new procedures or amending the terms of reference of the NNSC,

(c) Notification by the Swiss and Swedish representatives that pending action by the MAC the Swiss and Swedish representatives on the inspection teams would be withdrawn to the demilitarized zone. According to Murphy the inspection teams could not then operate and the Poles and the Czechs would have to leave South Korean territory. He suggested that if the plan could be approved by the interested

governments the United States, the United Kingdom and France might make representations to the Swiss and Swedish Governments on behalf of the group. Finally he underscored the urgency of the situation as the United States saw it.

4. Since discussion and questioning of the United States proposal was somewhat desultory I thought I should state our position at some length. I said that Canada recognized the factual basis of the United States anxiety, i.e. the Czech and Polish members were violating the spirit of the terms of reference of the NNSC, that the Swiss and Swedish members could not discharge their mandate in North Korea, and finally that the United Nations command had legitimate grounds for anxiety over the state of affairs in South Korea. On the other hand I stressed your anxiety concerning the consequences that a cessation of activity on the part of the NNSC might have for Canada in its unique position arising out of service on the Indo-China Commissions. I spoke of your concern lest grounds be given for Communist contentions that the United Nations side had violated the armistice. I mentioned in addition your view on the usefulness of maintaining inspection teams behind the various Communist curtains even if they were not completely effective.

5. I attempted by my questioning to shift the emphasis in the United States proposal from the withdrawal of the inspection teams to the action through the Military Armistice Commission to produce a new mandate for the Supervisory Commission. I hope I was successful in leaving this emphasis in the minds of representatives at the meeting. Murphy agreed that the proposal involved two stages. The first would be direct demarche to the Military Armistice Commission on a confidential basis by the Swiss and Swedish representatives indicating that the NNSC terms of reference and their implementation were not good enough. At the same time notice would be given of intention to withdraw Swiss and Swedish representatives from the inspection teams. While he agreed that the communication of protest to the MAC would precede the withdrawal, I do not believe that the United States envisages any lapse of time between the "two stages".

6. Murphy made it clear that in the United States view some approach should be made to the Swiss and Swedish Governments in the very near future before these governments had come to any firm conclusions as to whether the matter should be brought up in the General Assembly. He mentioned specifically that something should be done before November 29 when the Korean item was likely to be considered by the General Assembly.

7. There was a good deal of discussion as the difficulties of forcing the withdrawal of the Czech and Polish members of the Commission and inspection teams even if the Swiss and Swedes indicated their intention to withdraw to the neutralized zone. Murphy said that in the United States view the inspection teams without Swiss and Swedish participation would legally be "in a non-operating condition" and the UNC could edge them out of South Korea, e.g. by tampering with or cutting off logistic support. This situation worried the Belgian Ambassador particularly.

8. No representative at the meeting offered direct opposition to the United States proposal. The United Kingdom and French representatives indicated the willingness of their governments to act as spokesmen for the group in any approach to the Swiss and Swedish Governments. Some representatives such as the Greeks gave

wholehearted support to the United States position. The Australian and New Zealand representatives were non-committal but certainly not opposed. The New Zealand representative suggested that the next step might be to approach the Swiss and Swedish Governments informally with an inquiry as to what they would think of a course of action such as that outlined in the United States proposal. Murphy agreed that this would be a logical step.

9. I found it difficult to object to an approach to the two governments on the basis of an informal inquiry as to their opinions and suggested that when that inquiry was made the results could be reported back to the group. I stressed the desirability of keeping these communications secret and everyone agreed. The Belgian representative suggested that at the next meeting some firmer indication of what we would do if the Czech and Polish members of the inspection teams refused to move should be spelled out.

10. I believe that Canada is not committed one way or the other at this stage to support the scheme. I think at the next meeting of the group we should be in a position to make some suggestions as to what amendments might be put forward in the Military Armistice Commission. The compromise scheme put forward by the Americans is, I am sure, considered by other interested representatives to be made up in part of a Canadian idea. A certain responsibility it would seem, therefore, lies with us to make suggestions as to useful and effective amendment of the terms of the armistice agreement. I believe that no member of the group will oppose the suggestion completely. I got the impression from my telephone conversation with Mr. Holmes yesterday that you would wish the way left open for you to reserve the Canadian position at the end of the exercise if that seemed desirable. I believe I was able to do that. The nature of the "inquiry" to the Swiss and Swedes will, of course, be important and I shall make every effort to keep you informed of the exact terms of the inquiry. Finally, I think early attention should be given to working out detailed Canadian views on the proposal as a whole for I believe that action will be pressed vigorously by the United States Government and the next meeting may be called in the near future.

97. DEA/50069-A-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-2185 Ottawa, November 27, 1954

CONFIDENTIAL

REFERENCE:
Your teletype No. WA-1977 of November 18, 1954.
Repeat London No. 1821; Candel New York No. 336.

KOREA — FUTURE OF THE NNSC

You have asked for an expression of my views concerning the compromise proposal which Murphy explained to the meeting of Fifteen on November 18 and which attracted general support.

2. The new proposal, by providing for the introduction of amendments to the terms of reference of the NNSC which might enable the problem to be dealt with in a constructive way, goes a considerable distance towards meeting the objections I posed to the original scheme and I welcome its acceptance by the United States Government. I can well understand the compulsions arising from the situation in South Korea with which that Government must cope and in the changed circumstances would not wish to add to their difficulties by continuing to press for the adoption of all the suggestions set out in my EX-1905 of October 19, or by taking the lead among the Fifteen in opposing any aspect of the proposal. The Poles and Czechs have clearly used their position not only to frustrate the purposes of the NNSC, but also to pervert it. Since they have created an intolerable situation, there would seem some justice in their having to suffer the consequences.

3. I still have my doubts, however, about the State Department view that the first beneficiaries of unilateral action by the United Nations side in Korea to render the NNSC inoperative would be the International Supervisory Commissions in Indochina. I remain of the opinion that such action is liable to increase the difficulties with which we have to contend there and that if we are associated with it, the adverse effects might be worse. I admit, however, that if the Swedes and Swiss were to agree to the proposal and could take the required action without giving the appearance of succumbing to pressure from our side, then perhaps the increase in our difficulties and the undesirable consequences of our association with the proposal might not be so great. Whether the State Department view is the correct one, of course, can only be determined after the event when the Polish, Viet Minh, and more particularly the Indian, reactions become known. While I am not now disposed to try to dissuade either the United States or other Governments concerned from supporting the compromise scheme, I would hope for their sympathetic understanding of the uniqueness of our position in the Group of Fifteen, resulting from the commitments we have undertaken in Indochina in the general interest.

4. Whatever the Swiss and Swedish views on the proposal may be, I doubt very much if we should associate ourselves with the rest of the Group in supporting the proposal. We might better remain benevolently aloof. The proposal as I understand it does not require our adherence to be put into effect, and provided we explain our stand to our friends solely in terms of our involvement in Indochina, they should not regard us as being obstructive. We do not block but stand aside for reasons peculiar to ourselves. By remaining uncommitted we would be free to put as constructive an interpretation as possible on any action vis-à-vis the NNSC to which the United States and the rest of our friends would be parties, consistent with protecting our position. Moreover, we might then better serve the general interest in Indochina as well as our own.

5. I should be grateful if you would informally discuss these views with the State Department and your French and Old Commonwealth colleagues. As an earnest of

our good intention, you might also pass on my views on the question of amendments to the terms of reference of the NNSC. For your own information, I see virtually no prospect of amendments being devised which would be acceptable to the other side and to the ROK, but nevertheless consider the effort should be made.

6. I think that any amendments to the terms of reference of the NNSC, which the UNC may introduce for consideration in the MAC, should have for their objective the enabling of the Commission and its instruments to fulfil the purposes for which they were created, namely, the supervision of those provisions of the Armistice Agreement which prohibit the introduction into Korea of re-enforcing military men and material and the special inspections relating to violations of the agreement which they may be requested to conduct outside the de-militarized zone by either side of the MAC.

7. The essence of the problem would seem to be the veto power which the Communist members of the Commission have over its functioning. The inability of inspecting personnel to move about in North Korea in the pursuit of their duties as much as desirable would appear to be largely a corollary of this. Thus, no inspection team can decide to move unless its Communist members agree. This appreciation of why the NNSC has been ineffective would seem to accord with both that of the Swedish and Swiss and of the Americans. Thus, in their letter of May 4, 1954, Generals Mohn and Gross, the Swedish and Swiss members of the Commission stated that its operations were hampered by the equal division of votes, resulting in deadlock, and that the control activities of the fixed teams in North Korea were not satisfactory "owing to the restricted practices imposed on the activities of the teams by their Czechoslovak and Polish members." In his speech to the Geneva Conference of June 5, Bedell Smith quoted, with approval, appropriate sections from their letter to this effect.

8. The Communists could be deprived of their veto power in the Commission if its membership were to be increased by one non-Communist state or decreased by one Communist state. I am inclined to prefer the latter approach to the problem. If an increase were proposed, the other side could declare itself in favour of India, to the embarrassment of our side, since India would be unacceptable to the ROK. Moreover, the establishment of a five-member Commission and five-member Inspection Teams could give rise to extra administrative problems. To effect a decrease, the proper tactics might be to suggest that the Commission should consist of three members, two of whom would be holdovers, say Poland and Sweden, and the third to be agreed upon. The UNC might then work for agreement on Switzerland as a country with first-hand experience in the work to be performed. The Communists could still nominate India, but our side would be in a better position in that it could opt for Switzerland.

9. If the veto problem is solved and a majority of the Commission is truly neutral, then it might be left to the Commission to adopt such rules of procedure for itself and its inspecting teams as it may consider necessary for the performance of its duties. If the reformed Commission thinks that its terms of reference, as now laid down, require modification to ensure adequate rules of procedure then, under Paragraph 49 of the Armistice Agreement, it may recommend appropriate amendments

to the MAC in the interests of a more effective armistice. There, of course, the Communists could block any such recommendations. Adequate rules of procedure would allow the requisite freedom of movement provided neither Command interfered. So far, the Communist Command has been able to leave responsibility for interference to the Czechs and Poles but they have derived their power from the veto. Therefore, it might be desirable to consider the terms of reference with a view to so amending them that any interference from, or even failure to co-operate by, the Communist Command with the Commission, would be a breach of the Armistice Agreement and the Commission would clearly have the right of untrammelled movement in its work.

10. Sub-paragraphs 13(c) and (d) of the Agreement provide for inspections at designated ports of entry. If re-enforcements of men and material enter Korea elsewhere they do so in violation of the Agreement. Paragraph 28 permits either side of the MAC to request the NNSC to conduct inspections where such side considers a violation to have taken place and sub-paragraph 42(f) provides that these inspections will be conducted without delay. I think that it might be especially written into the Agreement that the NNSC, through its inspecting personnel, may go anywhere in Korea outside the de-militarized zone, on its own initiative to check whether military material is being improperly introduced into the country. It would be incumbent on either Command to provide facilities for movement satisfactory to a majority of the inspection team.

11. If armistice violations are to be investigated properly, they must be investigated promptly. Therefore, consideration might be given as to whether the Commission should have its own transport to prevent it from being held up by the military authorities on either side.

12. You will appreciate that the suggestions above are general rather than specific because we have little first-hand information concerning the operations or the reports of the NNSC. Also, I think that the UNC, in making proposals on this matter in the MAC should rely heavily on the advice of the Swiss and Swedes, who are neutral and have long since made public their dissatisfaction with the operations of the Commission.

98.

DEA/50069-A-40

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

Embassy in United States
to Secretary of State for External Affairs

TELEGRAM WA-2016

Washington, November 30, 1954

CONFIDENTIAL

Reference: Your telegram EX-2185 of November 27.

KOREA — FUTURE OF THE N.N.S.C.

Thank you for your telegram under reference. It is very helpful to us in our contacts with the State Department to have this fuller exposition of your thinking on this delicate and complicated matter.

2. We believe that we appreciate fully your anxiety lest any action taken with respect to the NNSC should compromise the Canadian position on the Indo-China Commissions. The Americans, as you know, do not share your view about this. Nevertheless, I think, they do now understand your motives.

3. If, as a result of the enquiry which is now being made of the Swiss and Swedish Governments, a proposal is put to us for approval (along with the other governments contributing to the UNC) which involves withdrawal of the teams from North and South Korea, it would, of course, be possible for us to "abstain" in a meeting of the fifteen. We could do this, I think, without opposing approval by the others, pleading our own unique position. The trouble would come if and when we decided that we should make our dissociation public. And this I take it we would have to do if we were to achieve such advantage as there might be in standing aside. In this connection, I should like to know what procedure you have in mind for making our position known publicly should it be decided by the others to go ahead.

4. Of course, we have still to learn of the Swiss and Swedish reactions to the enquiry being made. Such indications as we have indicate little enthusiasm in Berne for negotiation of the terms of reference of the NNSC. We should have some news this week. Presumably another meeting of the fifteen will be called when the reply is received.

5. It is difficult to determine what action we should take, particularly as to the nature of any "dissociation" on our part, until we know the Swiss and Swedish Governments' response and the reaction thereto of the United States and our other allies. Quite likely the response will be neither wholly negative nor wholly affirmative. In any event, it would be wise, I think, to defer any further conversation with the State Department until we know. Otherwise we may simply cause difficulty over a purely hypothetical situation.

6. The general suggestions which you make in paragraphs 6 to 12 of your telegram under reference concerning possible amendments to the terms of reference of the NNSC provide us with useful material for discussion with the State Department and other interested representatives. Because of the Swiss Government's request, however, that we do not raise the question of re-negotiating the terms of reference of the NNSC, I am in doubt as to whether in fact the essence of the problem is the veto power which the Communist members of the Commission hold. There seems to be desire on the part of both the Swiss and Swedish Governments to reduce substantially the burdens which they have been bearing in Korea. We feel certain that the United States, partly to meet its problems with the ROK Government, would also hope that any amendments to the terms of reference of the NNSC would result in the severe limitation of the activities of the Commission. The ROK Government itself would probably be satisfied with nothing less than amendments which would keep the NNSC within the bounds of the demilitarized zone.

7. We also foresee great difficulties in the establishment of a new three-power commission. The Swiss would not be acceptable to the Communists and India would not be acceptable to the ROK Government. For tactical purposes the Communists might well suggest the inclusion of India in the hope that the allied side could be discomfited completely. We would certainly not enjoy the experience of opting for Switzerland against India. We might well find ourselves faced with difficulties in this context worse than those which faced us prior to our attempts to amend the terms of reference.

8. With reference to paragraph 5 above, I spoke to you on the telephone this morning and you agreed that we should not, repeat not, approach the State Department until the reactions of the Swiss and Swedish Governments to the enquiry concerning the proposed procedure are known. For this reason we are deferring action upon the instructions contained in paragraph 5 of your telegram under reference.

99.

DEA/50069-A-40

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

Secretary of State for External Affairs to Embassy in United States

TELEGRAM EX-2208

Ottawa, December 2, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: (Washington) Your teletype WA-2016 of November 30.(London) Your teletype No. 1479 of November 30.† Repeat London No. 1843.

KOREA — FUTURE OF THE NNSC

You will recall that when we noticed that the paper† which was to serve as guidance for the United States, United Kingdom, and French representatives in their concerted approach to the Swedes and Swiss regarding the NNSC went farther in indicating unanimous support for the proposal by the Fifteen than a proper appreciation of our position justified, we suggested a slight amendment of which the State Department took note. The purpose of our amendment was to leave the way open for us to dis-associate ourselves from the proposal and to reduce pressure on the Swedes and Swiss to accept it. We have since learned that the guidance paper went forward to the representatives concerned in Stockholm and Berne without amendment.

2. Our representative in Stockholm has informed us that the Swedish Government wish to know whether we are supporting the proposal. Our Ambassador in Berne reports a similar interest in our position on the part of the Swiss. Since accepting the invitation to serve on the Supervisory Commissions in Indochina we have on a number of occasions discussed with the Swedes and Swiss the functioning of the NNSC with a view to obtaining the benefit of their experience. In these discussions our attitude concerning the relationship between the operations of the NNSC in

Korea and those of the Supervisory Commissions in Indochina has come out. Because of this it is incumbent on us now to explain our position vis-à-vis the proposal on which their views had been sought by the Americans, British, and French. Moreover, I think we must tell them that while we agreed an inquiry should be made, we could not associate ourselves in any way with pressure being put on them since, having not dissimilar responsibilities in Indochina, we would not wish pressure to be put on us. I might add that we have at no time made representations to either the Swedes or the Swiss as to what they should do concerning continued representation on the NNSC.

3. I am sending a telegram to our representatives in Berne and Stockholm informing them of the lines along which they might speak in confidence to the local authorities on this matter. This telegram will be repeated to you.

4. In the changed circumstances I should be grateful if you would now take up informally with the State Department and your French and Old Commonwealth colleagues the views I have set out in my teletype EX-2185 of November 27. You should also tell them that we are informing the Swiss and Swedes of our position relating to the proposal the latter now have under consideration.

5. In Paragraph 3 of your teletype under reference you inquire as to the procedure I have in mind for making our position known to the public if that action should become necessary. I cannot anticipate the developments likely to occur. The fundamental purpose behind our dissociation from the proposal is to leave us free to do what we consider necessary to protect our position in Indochina.

(*Following for London only*)

6. You may inform the Foreign Office of the views contained in my teletype No. 1821 and that we are informing the Swiss and Swedes of our position.

DEA/50069-A-40

100.

Le secrétaire d'État aux Affaires extérieures à la légation en Suède

Secretary of State for External Affairs to Legation in Sweden

TELEGRAM 55 Ottawa, December 2, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: (Stockholm) Your telegram No. 43 of Nov. 29.† (Berne) Our telegram No. 63 of Nov. 26.†
Repeat Berne No. 65; London No. 1842; Washington EX-2207.

FUTURE OF THE NNSC

Concerning this matter you might wish to speak in confidence to the appropriate local authorities along the following lines:

We have long since recognized that the Polish and Czech representatives on the NNSC and its subsidiary bodies have used their position not only to frustrate the

purposes of the NNSC but also to pervert it. As a result of this behaviour both their Swiss and Swedish colleagues and the United Nations Command have for some time been faced with an intolerable situation. We thought that a constructive approach to the problem might be for the UNC to propose in the Military Armistice Commission, with a time limit for their acceptance, amendments to the Armistice Agreement which would have two objectives — the removal from the Czechs and Poles of their veto power and the assurance of freedom of movement for the inspection teams of the Commission. During the period allotted for renegotiation we suggested that the NNSC be permitted to function as usual. This delay would give us some time to consolidate precedents in the International Supervisory Commissions in Indochina.

3. The United States Government, however, while willing to authorize the UNC to try to renegotiate in the MAC the terms of reference of the Commission, (the nature of the amendments to be proposed by the UNC was not revealed), wanted the withdrawal of NNSC inspecting personnel to the Demilitarized Zone pending the outcome of these negotiations. At the November 18 meeting in Washington of the Group of Fifteen, the United States representatives proposed this scheme for consideration and found no direct opposition to it. Our representative reserved our position while agreeing to an informal inquiry to the Swiss and Swedish Governments as to their opinions on the proposal. Our understanding was that this inquiry would entail no pressure on such Governments to agree with the scheme.

4. Since we are the only members of the Group of Fifteen with responsibilities in Indochina, (responsibilities not unlike those which the Swiss and Swedes have undertaken in Korea) we do not wish to urge any action relating to the NNSC on the Swiss and Swedes nor to be a party to any unilateral action to render the Commission inoperative. Nevertheless we expect that Swiss and Swedish concurrence in the procedure they now have under consideration would not greatly increase the difficulties with which we have to contend in Indochina.

5. Our position vis-à-vis the proposal might be described as benevolently aloof and derives solely from our involvement in Indochina. By standing aside for reasons peculiar to ourselves we hope better to serve the general interest in Indochina.

101.

DEA/50069-A-40

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

Embassy in United States
to Secretary of State for External Affairs

TELEGRAM WA-2035 Washington, December 3, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Your teletype EX-2208 of December 2.
Repeat Candel New York No. 30 (Important); London No. 67.

FUTURE OF THE NNSC

We put the views contained in your telegram under reference and EX-2185 of November 27 to Jones at the Korea Desk in the State Department. Unfortunately, we had not seen the instructions to our representatives in Berne and Stockholm forwarded to us in EX-2207 of December 3. Jones was glad to have this latest exposition of your views since, from some source which he did not identify, he had heard that Canada was "using back-door influence" on the Swiss and Swedes.

2. He agreed that our "abstentionist" attitude to the Swiss and Swedish enquiry was in line with the Canadian position explained at the meeting of the fifteen on November 18 (WA-1977 of November 18). His only concern was that the Canadian failure to comment one way or the other on the scheme which had been put to the Swiss and Swedes might tip the delicate balance which the State Department believes exists at the moment between acceptance or rejection of the compromise scheme by the Swiss and Swedish governments. Jones said that the Swedish statement in the U.N.'s first Committee on December 2 (Candel's telegram No. 735 to Ottawa)† was interpreted by the State Department as something in the nature of a cautiously drawn final balance sheet which, taken together with past warnings about the situation from the Swiss and Swedish representatives on the NNSC, prepared the way for Swiss and Swedish withdrawal from their heavy burdens in Korea — possibly through acceptance of a scheme along the lines of that which they had been asked by the fifteen to examine.

3. Carrying on with this point Jones referred to the explanation we had given him of your views set out in paragraph 3 of EX-2185 of November 27. He said he could respect your view (without agreeing with it) that unilateral action in Korea to render the NNSC inoperative might increase Canadian difficulties in Indo-China. At the same time he noted, however, that you might regard as less undesirable, action taken by the Swiss and Swedes which did not give the appearance of succumbing to pressure from our side. For that reason it had occurred to him that you might regard it as in the Canadian interest to encourage mildly at least Swiss and Swedish acceptance of the compromise scheme. He did not believe that the present approach to the Swiss and Swedes could properly be termed "pressure", since none of the fifteen governments were in a position to force the Swiss and Swedes to do anything and he added rather ruefully that the Swiss and Swedes realized this "all too well". Some action on Korea was essential, however, and if the Swiss and Swedes did not accept the compromise scheme, the State Department would be unable to stand against the opinion of other interested United States authorities. In these circumstances, unilateral action by the United Nations Command might well be authorized.

4. Jones repeated the United States views on the effect which action in Korea might have on the work of the Supervisory Commissions in Indo-China. These views are well known to you. Jones did, however, add one new argument. He believed that the Viet-Minh (and their Polish voice on the Commission) were operating on the premise that, if events took their natural course, South Viet-Nam would fall to the Communists by "fair" elections. If this estimate of the Viet-Minh attitude was correct, the Communist aim would surely be to allow the International Com-

mission to operate reasonably effectively. In the final analysis they would then claim some element of international support for their peaceful victory. Nevertheless, they would be only as reasonable as they had to be. Action in Korea to prove that the free world (and the representatives of two widely acknowledged neutrals) could not forever remain patient in the face of Communist double-dealing, combined with firm and objective supervision in Indo-China, would, in the United States view, cause the Poles and the Viet-Minh to take an even more reasonable line. They would wish to furnish as few excuses as possible for the free world to charge violation of the Geneva Agreement and thereby to upset what the Communists probably already regarded as a "sure bet".

5. Jones hinted that, since both Mr. Pearson and Mr. Dulles were likely to be in New York over the weekend, an opportunity might arise for discussion of the subject between them. We have not had an opportunity to pass your views on to all our Commonwealth colleagues as yet but we will do that as soon as possible.

6. Our rather inconclusive discussion with Jones of possible amendments to the terms of reference of the NNSC will be reported in a separate message.†

102. DEA/50069-A-40

L'ambassade en Suisse
au secrétaire d'État aux Affaires extérieures

Embassy in Switzerland
to Secretary of State for External Affairs

TELEGRAM 58 Berne, December 6, 1954

CONFIDENTIAL

Reference: Your telegram No. 65 of December 2.
Repeat London No. 16. (Please pass to Stockholm)

KOREA — FUTURE N.N.S.C.

1. Gave substance of your views to Luy at noon Friday just before he attended meeting to discuss Swiss reply to British, French, American approach which was apparently interpreted more as a formal démarche than an informal enquiry. On Saturday morning I gave Luy almost the complete copy of your telegram to pass to Zehnder, Secretary-General, Political Department.

2. Luy was very grateful to have your views and said that while no decision has yet been taken he personally does not, repeat not, favour withdrawal from demilitarization zones nor does he imagine Switzerland can openly take initiative as suggested in proposal.

3. They now intend to treat approach as a trial balloon and may, repeat may, Luy stated, reply along lines of their suggestions to us outlined in my telegram No. 56 of November 23.†

DEA/50069-A-40

103.

La légation en Suède
au secrétaire d'État aux Affaires extérieures

Legation in Sweden
to Secretary of State for External Affairs

TELEGRAM 46 Stockholm, December 11, 1954

CONFIDENTIAL

Repeat London No. 12.

KOREA

Today, Jarring told us Swedes do not expect to reply to the proposal (mentioned?) immediately. Debates and resolutions in New York alter the position and makes the suggestion for amendment of NNSC appear inappropriate at this time. While no governmental decision taken Jarring considers December 2 statement on NNSC by the Swedish delegates in the General Assembly will eventually require amendment of the terms of reference or the Swedish withdrawal. They would still appreciate any comment you feel you can make on paragraph 2 of our telegram No. 45 of December 4.†

2. Resulting from the debate in New York and the Chinese reaction of the United States-Formosa agreement Swedes expect the Korean problem to be active over the next few weeks and are worried whether serious developments may not take place which would jeopardize the whole armistice agreement and completely change Sweden's position as member of NNSC.

3. Have tentatively concurred (group corrupt) MacKay to take leave in Canada over Christmas. Please advise whether, in view of present situation, you would prefer me to remain here.

DEA/50069-A-40

104.

L'ambassade en Suisse
au secrétaire d'État aux Affaires extérieures

Embassy in Switzerland
to Secretary of State for External Affairs

TELEGRAM 61 Berne, December 14, 1954

SECRET. IMMEDIATE.

Reference: My telegram No. 58 of December 6th.
Repeat London No. 17. (Please pass to Stockholm)

KOREA — FUTURE OF NNSC

1. On Friday, December 10th, Luy of Political Department informed us United States had made second démarche to Zehnder, Secretary General of Political Department. I have reason to believe that among suggestions made was a proposal that Swiss and Swedes (a) withdraw to demilitarized zone, (b) reduce strength of their delegation, and (c) maintain liaison officers in South Korea while Poles and Czechs maintain liaison with North Korea.

2. Luy said that Zehnder wondered if United States was acting alone and asked if we had anything on the 15 power meeting in Washington. As neither American, British nor French in Berne had informed us of their approach to the Swiss Government concerning joint proposal, MacLellan thought it in best Canadian interests to let Zehnder see copy of Washington's telegram No. 1977 of November 18th.

3. Luy informed us Monday evening that Federal Council on Monday, December 13th, decided on Swiss action which from hint given to us may be as follows:

(1) No reply is to be made to American, British, French proposal.

(2) Aide mémoire will be addressed to Washington and Peking suggesting reduction of numerical strength of NNSC but no withdrawal to demilitarization zone.

(3) Swiss have now passed this aide mémoire to Stockholm to see if Swedes wish to join Swiss in this action.

(4) Aide mémoire will probably be later this week as soon as Swedish opinion is obtained. We have been promised copy.

105. DEA/50069-A-40

Le secrétaire d'État aux Affaires extérieures au ministre en Suède

Secretary of State for External Affairs to Minister in Sweden

TELEGRAM 57 Ottawa, December 23, 1954

CONFIDENTIAL

Reference: (Stockholm) Your telegram No. 46 of December 11. (Berne) Your telegram No. 61 of December 14.
Repeat Berne No. 67; London No. 1970; Washington EX-2379.

KOREA — FUTURE OF THE NNSC

The following views may be communicated informally and confidentially to the appropriate Swiss and Swedish authorities on procedural problems confronting us in Indochina.

2. To carry out the Armistice provisions we think the Commissions there and their subordinate bodies require freedom of inspection, movement and inquiry. If these are to obtain and the business of the Commissions advanced with efficiency, then there must be reasonable harmony within the Commissions and between them and

the local authorities. We hope to avoid at least until the Armistice becomes better established the hardening of lines which would entail the Commissions' failing to carry out their intended responsibilities. This hope may best be realized if the various representatives continue to pay deference to the independent attitude required by the spirit of the Geneva Agreements. It may be thwarted however if the approach of the representatives of any country concerned were to become clearly open to question in this respect. Although the Polish representatives have no veto power, they have a great capacity for intransigence. As for the Vietminh, it is important that they should not have reason to think themselves on better ground to withhold the co-operation needed.

3. While we cannot prophesy what would be the effects on the armistice supervisory machinery in Indochina of the NNSC becoming even more ineffective, we think that the problems in both are sufficiently related that any significant development concerning the NNSC may have effects on the other. The extent to which these will be adverse will largely depend on how a change is made in the operations of the NNSC. Since the proposal recently put forward seems to provide for a solution which would neither do violence to the Armistice Agreement, nor be inconsistent with previously expressed views of the Swiss and Swedes concerning NNSC inadequacies, we have informed you that their concurrence in the procedure would not greatly increase our difficulties. The Swiss and Swedes, having long since made public their dissatisfaction with the working of the Commission, have a responsibility to do what they can to right the situation. It is in our interest that they exercise this responsibility. One basic element in the problem which cannot be ignored is Rhee's insistence that the Czechs and Poles get out of South Korea and the United States promise to do something about this. The Swedes and Swiss must take cognizance of this aspect of the problem if they are to deal with the main difficulties facing the Commission. In the meantime there is a danger of violence to Commission personnel in South Korea.

4. For your own information we do not want to go beyond the above in acquainting the Swiss and Swedes with our views on the NNSC and in giving them advice as to what they might decide concerning continued participation. While we understand the reluctance of the Swiss and Swedes to move when such move may be interpreted as succumbing to pressure from South Korea or the United Nations side, we do not want them to be able to use the Canadian position vis-à-vis the NNSC as a means of resisting this pressure. We agreed only to go along with an enquiry. We asked you to explain our position to them and to say that we did not wish to be associated with the application of pressure to have the proposed course of action outlined in the enquiry accepted. It would not accord with this position if we were now to be caught in a cross-fire between the rest of the Fifteen and the Swedes and Swiss over action relating to the future of the NNSC.

5e PARTIE/PART 5
AIDE À LA CORÉE
KOREAN RELIEF

106. DEA/8254-G-40

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

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

CONFIDENTIAL [Ottawa], October 11, 1954

FUTURE OF UNKRA

In a memorandum to Cabinet dated October 4 you make proposals concerning future Canadian contributions to various United Nations relief and assistance programmes — among them, the UNKRA programme.[25] The UNKRA section of the memorandum mentions the efforts made in recent months to improve UNKRA's financial position and refers more specifically to a United States proposal for a reduced total programme for 1954-55 of $44.9 million. This proposal involves a contribution of $9.9 million from the United Kingdom, Australia and Canada, of which $7 million would be met from the unpaid portion of previous United Kingdom and Australian pledges and the remaining $2.9 million from possible increased contributions by the three countries. You are suggesting to Cabinet that an additional $750,000 would be an appropriate Canadian share of the approximately $3 million gap to be filled if the United States proposal is to be made workable. The memorandum further notes that the United Kingdom and Australia are to be asked whether they would also be prepared to increase their original pledges to help fill this gap.

The purpose of this memorandum is to acquaint you with the present United Kingdom and Australian positions (as reported by our Delegation to the General Assembly) and to seek your approval for a proposed joint approach to the United Kingdom by Australia and Canada with a view to securing an increase in their original pledge.

The United Kingdom Position

Our Delegation to the General Assembly reports that the United Kingdom would be prepared to pay the balance of their pledge provided their contribution does not exceed 17.5 per cent of total contributions past and present. 17.5 per cent of total UNKRA receipts to date ($123 million) is $21.5 million. In fact, the United Kingdom has already paid $22.5 million (out of their original pledge of $28 million) or approximately 18.3 per cent of total receipts. The implication of the present United Kingdom stand is that their original pledge will only be paid when total contributions amount to $160 million, and that it will take additional contributions

[25] Voir/See Document 215.

amounting to more than $6 million before any additional United Kingdom contribution can be contemplated. Since the United States contribution now represents 68.6 per cent of total pledges and since pledges from all other countries (excluding United States and United Kingdom) amount to $3.1 million (Australia $1.5 million, other countries $1.6 million), the United Kingdom decision is tantamount to a refusal to contribute anything more at this time to UNKRA.

The Australian Position

While Australia is willing to pay the balance of its original pledge of $4 million (i.e. $1.5 million), there has been until very recently an obstacle in the way of further consideration by the Australian Cabinet of an increase in its original pledge. This obstacle was due to the fact that UNKRA had not expended to any substantial extent the credits deposited in Canberra in favour of the agency. However, latest reports from our Delegation in New York indicate that this obstacle is likely to be removed if a proposal of the Agent General of UNKRA to purchase $2 million worth of Australian wool goes through. On this assumption, the Australian Delegate in New York has expressed the personal opinion that the Australian Cabinet — being seriously concerned over the political implications of a hurried winding up of the UNKRA programme — might go as far as increasing its pledge irrespective of the United Kingdom position, provided the United States and Canada persisted in their positive approach to the problem.

The United States position continues to be that they are ready to match any future payments provided the United States contribution does not exceed 65 per cent of total receipts. As mentioned above, their contribution now represents 68.6 percent; thus it will be impossible for the Administration to recommend an additional contribution to UNKRA in the President's budget message next January unless the United States contribution is brought down to 65 per cent by the end of the year.

The restrictive position taken by the United Kingdom during the informal discussions between the United States, United Kingdom, Australia and ourselves in New York has led the other three to wonder whether the implications of their stand have been fully thought out by all concerned including the Foreign Office. This situation has prompted the Australian Delegate to suggest that Australia and Canada might approach the United Kingdom, preferably at a high level, with a view to persuading them to increase their original pledge in proportion to possible similar Australian and Canadian increases. The United States Delegation has approved this idea of a joint approach but has regretted that the United States could not participate in view of their recent démarches in London and New York.

It should perhaps be mentioned here that while another $11.4 million will be required to permit the United States to pay the balance (i.e. $8.6 million) of their pledge this year, only $4.7 million from other countries are actually required to bring the United States percentage to 65 per cent. The United States Delegation has indicated that if additional contributions in the latter amount or more were received by UNKRA — either through payment of all or part of the United Kingdom balance of $5.5 million or by additional payments by the United Kingdom, Australia and Canada — they might suggest to the Administration that the United States

make what might be called an "advance payment" which might be announced at a possible pledging conference to be held during the General Assembly session.

In view of the considerations set forth above, and on the assumption that Cabinet is in agreement with your recommendation concerning a Canadian contribution contingent on parallel and proportionate contributions by Australia and the United Kingdom, would you agree with the proposal for a joint Australian-Canadian approach to the United Kingdom with a view to persuading them not only to pay the balance of their pledge but also to make some additional contribution proportionate to possible additional payments by ourselves and Australia.[26]

Your recommendation to Cabinet was framed in consultation with officials of the Department of Finance. In view of the recent advice we have received, however, it is clear that we may face the possibility that the United Kingdom Government will not contemplate a new and additional contribution. In order to avoid a further reference of this matter to Cabinet, the question arises whether Cabinet would be prepared to agree to authorize an increase of $750,000 in our pledge if the United States and Australia alone are prepared to make similar additional contributions.[27]

There are informal indications that the Australian Government might decide to increase its pledge if *two* main contributors act similarly. So far as the United Kingdom is concerned, should the effort to secure an additional and proportionate contribution be unsuccessful, the secondary steps might be to request them not only to pay the balance of their original pledge with a pledge to contribute an additional amount based on the contributions announced at the pledging conference should one be held, or as a last resort to pay as large a proportion as possible of the outstanding balance in order to help bring down the United States percentage to the lowest possible level. While this would evidently be a less satisfactory solution, and would mean that we would be asked to make an additional contribution, together with the United States and Australia even though the United Kingdom were not prepared to do so, the problem of UNKRA is a serious and urgent one.

In view of the effects of the failure of United Nations economic assistance in Korea, Canadian contribution in this case should be governed more by political considerations than by strictly economic and financial criteria which normally obtain.

For this reason it would be most helpful if some flexibility could be given in the Cabinet authorization with respect to a Canadian contribution.

J[ULES] L[ÉGER]

[26] Note marginale :/Marginal note:
Yes — if Cabinet agrees with my recommendation. [L.B. Pearson]

[27] Pearson a souligné les derniers mots de ce paragraphe et a noté «500 000 » dans la marge.
Pearson underlined the final clause of this paragraph and noted in the margin "*500,000*".

DEA/8254-G-40

107.

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 222 New York, October 13, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Your telegram No. 119 of October 11.†

FUTURE OF UNKRA

The discussion of tactics on the UNKRA item during the Ninth Session was resumed yesterday as scheduled. The Australians were invited to participate this time in the discussion in addition to the Agent General and to the United Kingdom and United States representatives.

2. It was more or less agreed that the decision whether or not there should be a pledging conference should be postponed, until we know the results of the proposed informal meeting of the Commonwealth and European countries. There was general agreement that as in the case of the 60 nations pledging conference it was unlikely that the conference of European and Commonwealth countries would achieve substantial progress unless the four major contributors came to the meeting with something to show. It was felt that if the four countries merely told the other participants of their past contributions and simply asked each nation to indicate what it was ready to do, the meeting might very well have little if any results.

3. At this point, the United States' representatives (Graham Hall and William Hall) announced their intention of suggesting to their government that the balance of the United States appropriation for this year, i.e., 8.4 million dollars should be paid here and now without awaiting as per usual previous contributions by other countries to be matched. The United States representatives were anxious to know what would be the likely reactions of the other main participants in the event that this proposal would actually be accepted by the United States administration.

4. The United Kingdom representative (Arthur Clough) indicated that he was ready to recommend that the United Kingdom pay its balance of 5.5 million dollars if Hall's suggestion was approved in Washington. He indicated however that he was not optimistic that his government would accept his recommendation.

5. The Australian representative (Mr. Cutts) said that he was ready to recommend to his government that Australia make a contribution over and above its pledge if Hall's suggestion was accepted and if this in turn was matched by a modification of the present United Kingdom stand and by an additional Canadian contribution. After having spoken to Sir Percy Spender, Mr. Cutts expressed the view that his government might well decide to do nothing more than to pay the balance of its pledge.

6. The Canadian side expressed its readiness to recommend to you that consideration be given to an additional contribution provided the other three major contributors made positive gestures along the lines indicated above. We, at the same time indicated that it was most unlikely that Canada would make an additional contribution if two of the other main contributors, i.e., Australia and the United Kingdom, refused to make contributions over and above their pledges.

7. It was agreed that the Australian, Canadian and United Kingdom representatives would inform their governments of the possibility of an additional United States payment and ascertain their reaction to the recommendations which each side undertook to make in the light of Hall's recommendation to his government. It was hoped that the reaction of the four governments would enable each of them to come at the forthcoming informal meeting with something new, although it seemed to be taken for granted that the most the United Kingdom Government would do would be to offer the payment of the balance of its pledge. In any event, the decisions taken by the four governments would first be presented to the European and Commonwealth countries as promises to be implemented if these governments did their share.

8. It was generally recognized at one point during the meeting that should the concern of those present at the meeting over the political repercussions of UNKRA failure be shared by their respective governments, the ideal step to be taken in the very near future should be an informal discussion between the foreign ministers of the four major contributors or better still of the foreign ministers of Commonwealth and European countries. Graham Hall confided to one of us during the meeting that he would personally suggest that Dulles take the initiative in this matter. It occurs to us that the forthcoming meeting of the NATO Council in Paris would provide a convenient opportunity to raise this question with European countries. Should this opportunity be taken, Commonwealth Ambassadors in Paris might be brought in these discussions. We should appreciate receiving your comments on the various proposals outlined above as soon as possible.

108.

DEA/8254-G-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 143

Ottawa, October 15, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Your telegram No. 222 of October 13.

FUTURE OF UNKRA

While we are keeping the Minister fully informed of the New York discussions and while we fully appreciate the importance of maintaining a flexible approach,

we think that our position at the official level can and should be quite firmly stated during any further informal talks between the United States, United Kingdom, Australian and Canadian representatives. Our position is that a possible further contribution by Canada is dependent on additional contributions being made available by the two other main contributors. From your telegram it now appears that while the United Kingdom position remains unchanged the Australian position has weakened to some extent. This situation suggests to us the importance of our maintaining a firm stand in these discussions and not to leave any impression that we would be prepared to recommend an additional Canadian contribution before knowing at least what *minimum* "positive gestures" the other three major contributors are prepared to make.

2. For your private information, it should be mentioned that Cabinet did not take a decision at its meeting yesterday regarding possible Canadian contributions to extra-budgetary programmes. However we understand this general question will be considered again shortly by Cabinet. In the meantime you will appreciate that we cannot authorize you to say at this time what Canada *might* do on the basis of the present limited and tentative statements by United States, United Kingdom and Australian representatives.

DEA/8254-G-40

109.

La délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly to Secretary of State for External Affairs

TELEGRAM 407 New York, November 2, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Your telegram No. 143 of October 15.

FUTURE OF UNKRA

Clough of the United Kingdom yesterday showed us a letter from London incorporating his latest instructions on UNKRA.

2. According to the Foreign Office, it is unrealistic to think of possible further contributions of the magnitude of $50 million to $100 million. The problem to be faced is what sort of end can be made of UNKRA with, at best, only $10 million to $20 million in additional contributions or, at the worse, nothing at all.

3. Notwithstanding the above, the Foreign Office considers that "every penny will be of some help" and that the Advisory Committee should continue to seek for contributions. In this connection, London would prefer diplomatic approaches to a pledging conference. The Foreign Office agreed with Clough that these approaches would be more effective if the four largest contributors were able to demonstrate their own generosity by further contributions. London was therefore reluctant to return a wholly negative answer to Clough's suggestion that the United Kingdom

pay its balance of 5.5 million dollars, should the balance of the United States appropriation for this year ($8.6 million dollars) be made available.

4. If the United States does give a further 8.6 million dollars, for a total contribution of 93.9 million dollars, the United Kingdom will now be prepared to give 2.52 million dollars, thus increasing its total contribution to 24.75 million dollars. This additional 2.52 million dollars would maintain the desired ratio of 65:17.5 between the United States and United Kingdom contributions; the amount would therefore be considered as an advance to match the contributions of other countries, which should finally represent 17.5 percent of the total. It should be made clear that the United Kingdom would only contribute again when the contributions of all other nations have reached a point where the 65:17.5 ratio attracted a matching contribution from the United Kingdom (i.e., when the member countries other than the United States had contributed an additional $5,000,000.)

5. The Foreign Office considers that before the end of the present session the General Assembly should recommend that UNKRA has now reached "the term of its useful life". The relevant resolution should therefore be designed to bring about the winding up of UNKRA's work and should call for generous contributions from all members, without specifying any revised target.

6. We have been informed by the Australian delegation that Canberra is now prepared to pay the balance of the Australian contribution in full and that the amount of 1.2 million dollars has been included in the budget for this purpose. (Actually, the balance of the Australian contribution is about 1.5 million dollars. The remaining $300,000 will be made available next year.) The present Australian position is that they are not considering any contribution over and above their pledge unless such a move is warranted by extra contributions, not only from Canada, the United Kingdom and the United States, but also from other countries.

7. With reference to my telegram No. 301 of October 21,† Coulter told me last week, that, when in Paris, Dulles had spoken about UNKRA to Eden who undertook to look into the matter. The letter which Clough showed us yesterday did not say whether, in fact, Eden had taken any action.

8. The United States delegation have not yet had any reaction to their proposal to Washington that the balance of the United States appropriation for this year should be released.

9. We should appreciate your comments on the points raised in this telegram about the United Kingdom and Australian positions. We are holding a meeting of the UNKRA Advisory Committee at noon on Thursday and it would be most helpful to receive them before that time.

DEA/8254-G-40

110.

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 244 Ottawa, November 5, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Your telegram No. 407 of November 2, 1954.

FUTURE OF UNKRA

You will have noted from our telegram No. 233 of November 4 that Cabinet's decision regarding a Canadian contribution to UNKRA for 1954-55 is based on the United States proposal for a reduced programme of $44.9 million which would include an amount of $3 million in the form of additional contributions (over and above original pledges) by the United Kingdom, Australia and Canada.

2. We know that Australia is now prepared to contribute in full the balance of its pledge and that they would be willing to consider an additional contribution if other countries, including the major contributors, would also make the extra contributions. The Australian position therefore seems to be slightly more generous than you were able to report earlier. However, the United Kingdom position continues to be rather disappointing since it seems certain that their contribution will fall short of their pledge unless the United States is prepared to contribute more than the $8.6 million appropriated for this year. Under these circumstances we think that the most you should do during further informal discussions with the three other major contributors is to indicate that the Canadian Government would be prepared to seek parliamentary approval for a further contribution of $750,000 if proportionate additional contributions were forthcoming from the other countries concerned. We would not wish to go any further than this in view of the fact that the final position of the United States is not yet known. Nor would it be advisable to make any *public* statements in a forum wider than the four principal contributors at this stage.

2. We would welcome any suggestions that you might have regarding the line we should now take with other major contributors in the light of Cabinet's decision.

3. The substance of the foregoing was communicated to you on the telephone prior to yesterday's (November 3) meeting and we should welcome a report as soon as possible on the discussion.

111.

DEA/8254-G-40

La délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly to Secretary of State for External Affairs

TELEGRAM 435

New York, November 5, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Our telegram No. 407 of November 2.

FUTURE OF UNKRA

We discussed UNKRA informally yesterday afternoon with Clough of the United Kingdom, Graham Hall, and William Hall of the United States, Cutts of Australia, and General Coulter. William Hall said that the United States is now prepared to make available the $8.6 million representing the balance of the amount appropriated by Congress for this year, provided that the United Kingdom pays its balance of $5.5 million and Australia its balance of $1.5 million and that Canada makes an additional contribution.

2. Clough reviewed the United Kingdom position as outlined in paragraphs 2 and 3 of our telegram No. 407, i.e., that if the United States gives its $8.6 million, the United Kingdom will be prepared to give an additional $2.5 million. Further contributions would only be made when contributions of countries other than the United States total $5 million.

3. Cutts confirmed what we reported in paragraph 6 of our telegram No. 407, i.e., that Canberra is now prepared to pay the $1.5 million representing the balance of the Australian contribution.

4. As we had not received your telegram No. 233 of November 4, we indicated that we were in no position to make a firm statement about a possible additional Canadian contribution. We made it clear, however, that it was most unlikely that Canada would make one unless Australia and the United Kingdom were prepared to make contributions over and above their pledges.

5. Coulter said that Van Kleffens had told him that the Netherlands had decided to double its pledge (from $500 thousand to $1 million), that Pakistan has pledged $450 thousand, and that Indonesia has promised 300 tons of raw rubber.

6. Clough then said, that, whatever happened, the United Kingdom would not be able to pay any more than its pledge. He added that the Foreign Office feel the United States and the United Kingdom cannot continue to make up the bulk of the shortage in UNKRA funds and that the future financing of UNKRA should be the responsibility of a much wider group.

7. Graham Hall said that in view of the positions taken by the United Kingdom, Australia and Canada the United States would not be able to make its $8.6 million available; as indicated above, the release of that amount was conditional on dona-

tions by the United Kingdom of $5.6 million, by Australia of $1.5 million, and by Canada of an additional contribution.

8. There was some discussion about the necessity for an early meeting of either the fifteen countries with troops in Korea or, alternatively, a group of Western European and Commonwealth countries. (Our telegram No. 196 of October 11).† We reiterated our preference for the latter alternative. No firm decision was taken, since the United States representatives wanted to give some further thought to this question. It was generally agreed that at the forthcoming meeting a very frank statement of UNKRA financial plight should be made. Clough suggested that Coulter might be prepared to answer questions about what UNKRA's position will be if

(a) No further contributions are forthcoming; or

(b) Contributions of the magnitude of $10 to $20 million become available; or

(c) The unlikely event that contributions up to $100 million will be made.

DEA/8254-G-40

112.

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

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

CONFIDENTIAL Ottawa, November 11, 1954

FUTURE OF UNKRA

Yesterday afternoon Mr. Mayer of the United States Embassy called on Mr. Rae in United Nations Division and gave an oral explanation of the latest United States position concerning payment of the balance of their current appropriation for UNKRA. Shortly thereafter we received the attached telegram (No. 483)† from our Delegation to the General Assembly which confirms the information given to us by Mr. Mayer.

You will recall that, in accordance with earlier U.S. proposals, the United States was prepared to pay the balance of their UNKRA appropriation for this year ($8.6 million) provided (a) that outstanding balances of pledges by the United Kingdom ($5.5 million,) Australia (1.5 million) and other countries ($1.6 million) were paid in full and (b) that the United Kingdom, Australia and Canada made additional pledges totalling approximately $3 million. While Australia has agreed to pay in full the balance of its original pledge, the United Kingdom has up till now steadfastly refused to pay more than $2.52 million of their $5.5 million balance — and then only on condition that the United States pays a further $8.6 million. (This attitude has been motivated by a desire to maintain a ratio of 65:17 1/2 between the United States and U.K. contributions).

During recent informal talks between representatives of the four major contributors, we have been powerless to make any offer which might end this situation of stalemate since Cabinet's approval of an additional Canadian contribution of

$750,000 was dependent on the United Kingdom and Australia making proportionate additional contributions over and above their original pledges.

In an attempt to break the stalemate the United States is now making a modified proposal, i.e., to pay their $8.6 million balance in full provided the United Kingdom will give $4.3 million, Australia $1.3 million and Canada $500,000. Australia having already indicated its willingness to pay in full its balance of $1.5 million, the United States is urgently soliciting U.K. and Canadian agreement to their latest proposal.

Mr. Dulles has already made a direct appeal to Mr. Eden in an attempt to secure the necessary modification of the U.K. position (Mayer told us that Eden had reacted sympathetically when this matter was broached earlier in Paris). In order to add weight to Dulles' appeal, the State Department is hoping that we would consider it appropriate to authorize our High Commissioner in London to stress to the Foreign Office the importance we attach to a further U.K. contribution.

Considering that we have paid in full our pledge of $7.25 million, I think we would be quite justified in urging the U.K. to do likewise, bearing in mind of course that they have *already* paid three times the amount of our contribution or, to put it another way, over 18% of total contributions received by UNKRA to date. We could strengthen our case by saying that the Canadian Government is willing to seek parliamentary approval for an additional contribution of $750,000 if the U.K. and Australia would be prepared to make proportionate additional contributions over and above their original pledges. We could also stress the importance of the four major contributors entering the proposed meeting of Commonwealth and Western European countries in New York with a united front and a reasonably good bargaining position.

If the United Kingdom refuses to pay the balance of its pledge plus an additional contribution, but does agree to pay the $4.3 million portion of its balance as proposed by the U.S., the question then arises as to whether we would be prepared to make an additional contribution of $500,000. In this connection we should perhaps take into account the possibility that *other* countries may increase their contributions. It has already been reported privately by the Agent General of UNKRA that the Netherlands has decided to double its pledge from $500,000 to $1 million and that Pakistan has pledged $450,000; other increased or new pledges may be forthcoming.

The four major contributing countries are all aware of the serious political implications of an announcement, at the present session of the General Assembly, that the U.N. effort to rehabilitate South Korea has failed for the lack of adequate financial support. The best that can be hoped for is a good showing of "last-round" contributions which would enable UNKRA to carry on its programme for at least another year, if not eighteen months, and to liquidate itself in a gradual and orderly manner.

In our opinion UNKRA's financial plight is sufficiently serious to warrant a further contribution by Canada, at least on the scale now suggested by the United States. This view is shared by our Delegation to the General Assembly (see paragraph 4 of the attached telegram). However, we think it is essential first, and as a

matter of urgency to secure the largest possible final contribution from the United Kingdom. In the light of these considerations, I would ask you the following:

(a) Would you agree to instructing our High Commissioner in London to call on the Foreign Office and stress the importance we attach to payment by the U.K. of the full balance of its pledge to UNKRA; the High Commissioner could also say that if the U.K. and Australia would also make some *additional* contribution beyond their respective pledges, Canada would be ready to contribute an additional proportionate amount not exceeding $750,000.[28]

(b) If the final U.K. offer is less than the balance of their pledge (automatically eliminating an *additional* contribution), but at the same time meets the $4.3 million requirement of the United States, would you consider asking the Prime Minister and the Minister of Finance whether they would agree to our making an additional contribution of $500,000 (or even $750,000), which would enable immediate and final agreement to be reached between the four major contributing countries.[29]

Should you agree with (a) above, you may wish to approve the attached draft telegram to our High Commissioner in London.

J[ULES] L[ÉGER]

DEA/8254-G-40

113.

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

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

TELEGRAM 1747 Ottawa, November 17, 1954

CONFIDENTIAL

Reference: Telegram 483 of November 10,† from Canadian Delegation to Ninth Session of General Assembly.

FUTURE OF UNKRA

1. With reference to paragraph 5 of the above-quoted telegram I should be grateful if you would call at the Foreign Office at your earliest convenience and inform Eden or his immediate subordinate that we attach the highest importance to payment by the United Kingdom of the full balance of their pledge to UNKRA.

2. In our view there is a real danger that UNKRA's activities in Korea may be brought to an abrupt end as a result of inadequate financial support from interested countries. Rapid collapse of the programme in the near future would almost certainly result in further loss of prestige for the United Nations and could have seri-

[28] Note marginale :/Marginal note: Yes [L.B. Pearson]

[29] Note marginale :/Marginal note: Yes [L.B. Pearson]

ous political implications for the Western cause. At this stage we think it both necessary and urgent for countries which have not yet done so to pay in full the balances of their respective pledges. This would at least ensure a gradual and orderly winding up of the UNKRA programme during the next eighteen months.

3. You are authorized to say that if the United Kingdom were to pay in full the $5.5 million balance of their pledge ($28 million) and if they (and the Australians) would also be willing to pay an additional contribution over and above their respective pledges, the Canadian Government would be ready to seek parliamentary approval for an additional Canadian contribution not exceeding $750,000. In this connection you might point out that the payment of an additional contribution by Canada *without* proportionate additional contributions from the U.K. and Australia would put us in the position of being the only one of the four major contributors to pay more than its pledge.

4. For your private information, if the U.K. can make no better offer than to pay the $4.3 million portion of its balance as required by the latest United States proposals, we might still decide to pay an additional contribution of $500,000 in order to secure immediate and final agreement between the four major contributors. This would enable the four to enter the proposed informal meeting of Commonwealth and European countries in New York with a united front and a reasonably good bargaining position for extracting maximum final contributions from the others.

114.

DEA/8254-G-40

La délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly to Secretary of State for External Affairs

TELEGRAM 734

New York, December 2, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Your telegram No. 316 of November 23.
Repeat Washington No. 141.

FUTURE OF UNKRA

We have convened a meeting on UNKRA for tomorrow morning (Friday) at 10 o'clock of representatives at the Head of Delegation level of the fifteen countries with troops in Korea. The R.O.K. has not been invited.

2. The primary purpose of the meeting is to emphasize the seriousness of UNKRA's financial condition. General Coulter will make a statement reviewing, in essence, what he had to say in his report and asking the representatives to impress on other delegations the pressing need for further contributions and prompt payment of existing pledges.

3. The representatives of the United Kingdom, the United States, Australia and ourselves are also prepared to make short statements indicating the importance we

attach to a continuation of UNKRA's activities, at least until such time as they can be wound up in an orderly fashion. Unless we hear from you to the contrary, we will say that, because of the seriousness of the situation, the Canadian Government would, under certain conditions, be prepared to seek Parliamentary approval for a contribution to UNKRA in addition to that we have already made.

4. At an informal meeting we had this morning with General Coulter, Graham Hall and Mr. Clough, it was agreed that no reference should be made at this stage to the distinct possibility that, unless the United Kingdom contribution is forthcoming, UNKRA would have to announce the failure of its programme.

5. Graham Hall told us this morning the State Department had heard from London that UNKRA was on the Cabinet agenda earlier this week but had not come under consideration. The Foreign Office will try once again this week to get Cabinet to deal with this matter; if they are unsuccessful, they will attempt to have the ministers concerned give the necessary authorization for payment by the United Kingdom of the $4,300,000 necessary to release the United States contribution.

6. In a following teletype we shall be sending you the text of a draft resolution which is being considered for submission to the second committee. It is not at all improbable that, with matters now moving quickly in that committee, the UNKRA item will come up by the end of next week.

7. We shall keep you informed of developments. If there is time, we should appreciate your comments on what we propose to say at tomorrow's meeting.

DEA/8254-G-40

115.

La délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly to Secretary of State for External Affairs

TELEGRAM 736 New York, December 2, 1954

CONFIDENTIAL

Reference: Our teletype No. 734 of December 2.
Repeat Washington No. 143.

FUTURE OF UNKRA

Given below is the text of a draft resolution on UNKRA prepared by the Agent General's Office for consideration by the members of the Advisory Committee. The resolution is, of course, predicated on the assumption that the United Kingdom will authorize release of its contribution of $4.3 million and that the agency will, therefore, be able to wind up its affairs in an orderly fashion.

2. Your comments on the draft resolution will be appreciated. As we indicated in our teletype under reference there is a good possibility that discussion of the UNKRA item in the Second Committee may begin next week.

3. Text Begins:

The General Assembly

Recalling its Resolutions 410 (V) of 1 December 1950, 701 (VII) of 11 March 1953, and 725 (VIII) of 7 December 1953,

Taking note of the report of the Agent General on the work of the United Nations Korean Reconstruction Agency for the period 1 October 1953 to 1 September 1954, and of the comments of the United Nations Commission for the Unification and Rehabilitation of Korea thereon,

Noting with increasing concern that the programs approved by the General Assembly in resolution 725 (VIII) have not been fully implemented because of a lack of contributions,

Recognizing the particular importance to the United Nations of the fulfilment of the organization's program for the relief and rehabilitation of Korea;

1. *Commends* the Agent General of the United Nations Korean Reconstruction Agency for the encouraging progress made in the work of assisting the Korean people to rebuild their economy;

2. *Endorses* the statement of the Secretary-General in his annual report on the work of the organization that a failure to follow up the program of assistance to Korea might be widely interpreted as a sign of basic weakness and might shake faith in the United Nations in those very areas where such faith is of special value;

3. *Reaffirms* its approval of the programs covering the period from 1 July 1953 to 30 June 1954 and 1 July 1954 to 30 June 1955 and stresses its desire that implementation of these programs should be achieved to the maximum extent possible;

4. *Urges* all governments to give the financial support necessary to the continuation of the agency's work, whether in the form of prompt payment of existing pledges or in the pledging of new contributions to the program;

5. *Expresses* appreciation for the valuable and continuing assistance given to the United Nations Korean Reconstruction Agency by specialized agencies and non-governmental organizations;

6. *Requests* the Negotiating Committee for Extra-Budgetary Funds appointed pursuant to General-Assembly resolution ____top ____ to undertake negotiations with governments regarding the making of new pledges and the prompt payment of existing pledges to the United Nations Korean Reconstruction Agency. Text Ends.

116.

DEA/8254-G-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 369

Ottawa, December 3, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Your telegrams Nos. 734 and 736 of December 2.

Repeat Washington EX-2230.

FUTURE OF UNKRA

Reference paragraph three of your telegram No. 734 we assume that you made a short and general statement this morning in the meeting of the fifteen along the lines you suggested and with which we concurred.

2. Regarding the draft resolution contained in your telegram No. 736 we think the resolution is, generally speaking, on the right lines but we consider that too much emphasis is laid on the fact that the UNKRA program is speedily losing its momentum through lack of financial support. For this reason we would therefore make the following suggestions:

(i) Preamble; paragraph three — It would be preferable to omit this paragraph or to substitute a positive consideration to the effect that further contributions will be required to enable programmes approved by the General Assembly to be fully implemented.

(ii) Paragraph four — Omit the words "to the United Nations".

(iii) Operative part; paragraph two — We would strongly urge that this paragraph be omitted altogether since its only effect is to emphasize a fear which it would be quite unwise to admit publicly.

(iv) Paragraph three — We do not think there would be any point in the General Assembly reaffirming its approval of specific programmes which it has already proved impossible to implement due to lack of sufficient funds. It would be preferable in our view merely to express the desirability of carrying out previously approved programmes to the fullest possible extent.

(v) Paragraphs one, four, five and six are acceptable.

3. We would be agreeable to your accepting co-sponsorship of the resolution provided that other co-sponsoring Delegations are prepared to accept amendments to the draft resolution along the lines indicated above.

117. DEA/8254-G-40

La délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly to Secretary of State for External Affairs

TELEGRAM 747 New York, December 3, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Our teletype No. 734 of December 2.
Repeat Washington No. 146.

FUTURE OF UNKRA

13 of the 15 countries with troops in Korea were represented at the meeting this morning of heads of delegations at which UNKRA was discussed. They were United States, United Kingdom, New Zealand, Greece, Netherlands, Thailand, France, Turkey, Belgium, Australia, Luxembourg, Colombia and Canada.

2. After a few opening remarks, I introduced General Coulter who reviewed the financial situation in which UNKRA finds itself. He stated that what has been done so far to rehabilitate Korea is imperilled by the fact that the agency will soon run out of funds and will not be able to fulfil its mission unless substantial additional pledges and contributions are received from governments in the immediate future. He asked the representatives present to make an urgent appeal to their governments to support UNKRA and also to evidence that support during the Second Committee debate.

3. Kyrou of Greece agreed that the situation was serious, not only from the point of view of UNKRA itself, but also because of the political implications. He referred to the statement in Committee One on December 1 by Mr. Malik who attacked UNCURK and UNKRA (Malik claimed that the American and United Nations programmes of assistance for South Korea have failed and compared these efforts with what was being done by the USSR and China for North Korea.)

4. Wadsworth of the United States then made a strong statement supporting Coulter and Kyrou. He said that the United States administration is convinced that nothing less than a major, immediate response from governments involving significant contributions to UNKRA will avoid an immediate and drastic curtailment of the programme. He added that the United States is prepared to contribute "a major sum" in addition to that which it has already contributed.

5. Nutting of the United Kingdom expressed full support of the previous speakers. He was not yet in a position to say what the United Kingdom could do with regard to a further contribution. However, he said that if the United Nations does not do something about UNKRA it would be playing into the hands of the Communists. Spender (Australia) and Munro (New Zealand) also spoke along the same lines. The French representative said that he realized that his country's contribution had not been as important as those of other countries but this was because of France's heavy burden in Indo-China, earlier because of the war and now because of the refugee problem. Despite this he would send a telegram to his government urging immediate consideration of the possibility of further contribution to UNKRA. The other representatives indicated that they would do the same. The Colombian and Thai representatives said flatly that it would be most difficult to get any further pledge from their countries.

6. I made a short statement about what Canada would be prepared to do, along the lines outlined in paragraph 3 of our teletype No. 734 of December 2.

7. The question of future action was then discussed and Spender suggested that a pledging conference might be called in three or four weeks to dramatize the situation and rally financial support behind the agency. Nutting thought that a pledging conference should not be held unless it had been ascertained that it would be successful; otherwise it would simply advertise the failure of the agency's programme.

Urrutia of Colombia said that it was most improbable that UNKRA could get contributions from any of the Latin American countries, particularly in view of the results of the Rio Conference; for that reason it might be unwise to consider a pledging conference. I suggested that perhaps a better alternative might be to seek additional funds through the Negotiating Committee for extra-budgetary funds, even though in the past this procedure had not been notoriously successful.

8. It was generally agreed that tactics for handling the UNKRA item in the Second Committee and later for seeking funds should be discussed in the small group (United Kingdom, United States, Australia and ourselves) which has up to now been principally occupied with UNKRA. We are planning a meeting with this group next Monday afternoon and should appreciate your comments before then on the draft resolution sent up to you in our teletype No. 736 of December 2. We should also like to know whether you have any objection to our co-sponsoring the resolution. In view of our close connection with this matter, I think it would be difficult not to do so.

118. DEA/8508-40

Extrait du procès-verbal de la réunion hebdomadaire des directions

Extract from Weekly Divisional Notes

SECRET Ottawa, December 13, 1954

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4. KOREAN REHABILITATION

United Nations Division: On December 11 the Second Committee adopted by a vote of 38 to 5 a resolution commending the Agent-General of UNKRA and urging all Governments to give the necessary financial support to enable the Agency's programme to continue. Before the Agent-General's report came up for discussion in the Committee, informal agreement was reached between the United States, United Kingdom, Australian and Canadian Delegations that their respective statements in the Committee would avoid over-emphasis of the financial difficulties of UNKRA and concentrate more on the Agency's positive achievements in rehabilitating Korea. It was also agreed that the United States Delegate would mention in his statement that the four major contributing countries were considering a further contribution of $14.8 million to the Agency to enable it to carry on its work. Announcement of a specific pledge by each country would be deferred until an approach had been made by the Negotiating Committee after this session of the General Assembly.

The figure of $14.8 million to be contributed by the four countries was finally arrived at after lengthy negotiations which were complicated by the fact that the United Kingdom Government was unwilling to pay the full balance of its original pledge of $28 million. Agreement was finally reached on the basis of a formula proposed by the United States Government whereby the United States would make available the balance of their UNKRA appropriation for this year ($8.6 million) if the United Kingdom would pay $4.3 million ($2.2 million less than their pledge),

Australia $1.5 million (the full balance of their pledge) and Canada $500,000 (additional to our original pledge). (RESTRICTED)

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CHAPITRE II/CHAPTER II

NATIONS UNIES ET AUTRES ORGANISATIONS INTERNATIONALES
UNITED NATIONS AND OTHER INTERNATIONAL ORGANIZATIONS

PREMIÈRE PARTIE/PART 1

NATIONS UNIES
UNITED NATIONS

SECTION A

NEUVIÈME SESSION DE L'ASSEMBLÉE GÉNÉRALE,
NEW YORK, 21 SEPTEMBRE - 17 DÉCEMBRE 1954
NINTH SESSION OF THE GENERAL ASSEMBLY,
NEW YORK, SEPTEMBER 21 - DECEMBER 17, 1954

SUBDIVISION I/SUB-SECTION I

INSTRUCTIONS À LA DÉLÉGATION CANADIENNE
INSTRUCTIONS FOR THE CANADIAN DELEGATION

119. PCO/Vol. 242

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

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 187-54 [Ottawa], September 7, 1954

SECRET

INSTRUCTIONS FOR THE CANADIAN DELEGATION TO THE NINTH SESSION OF THE GENERAL ASSEMBLY OF THE UNITED NATIONS

The ninth session of the General Assembly is not expected to result in relaxation of major international tensions. None of the items on the agenda offers hope for significant rapprochement between the free nations and the communist world. Most of the contentious items on the agenda have been debated previously. The outcome of the Geneva Conference provides little scope for constructive action on a political settlement for Korea, and the decisions of the Conference on Indochina are not expected to come directly before the Assembly. Some new items, such as Cyprus and West New Guinea, raise grave problems for the countries of the free world, and lend themselves to communist exploitation.

2. Since the end of the eighth session, the communist alliance has achieved a number of diplomatic triumphs outside the United Nations. Its members in the United Nations undoubtedly will seek to pose as protagonists of peace, and to exploit and derive propaganda dividends from differences between non-communist countries which will be aired on a number of issues at the ninth session. In accordance with past practice, the Canadian Delegation[1], therefore, should use its influence to mediate and conciliate disputes involving the non-communist countries in the interests of a united front for the free world. On the other hand, the Delegation should not support any initiative which would deprive the communist members of their rights under the Charter or which, without some important compensatory advantage, would provoke them to leave the Organization.

Elections

3. The Canadian Delegation should support Dr. Van Kleffens of the Netherlands for the Presidency of the General Assembly. In the Security Council elections, it should support Belgium to replace Denmark, and any candidate agreed upon by the Latin American bloc to replace Colombia. Canada's choice for the third vacancy on the Security Council, which results from the retirement of Lebanon, will not be made until further information on candidates becomes available. In the elections for the Economic and Social Council, the Canadian Delegation should vote for France for re-election, the Netherlands to replace Belgium, the choices of the Latin American bloc to replace Argentina and Cuba, and probably Burma and Egypt (a retiring member). The Canadian Delegation should vote for Dr. Pal of India in the by-election for the seat in the International Court of Justice left vacant through the death of Sir Benegal Rau, and the candidates nominated by the Canadian National Group in the general elections. The Group nominated Sir Zafrulla Khan, if he decides to contest the election, Professor H. Lauterpacht of the United Kingdom, Mr. J. Basdevant of France and Mr. C. de Visscher of Belgium.

[1] Le 18 août 1954, le Cabinet approuve les nominations suivantes à la délégation canadienne :

L.B. Pearson	chef
David M. Johnson	délégué
Sénateur Charles B. Howard	délégué
G.D. Weaver	délégué
Lucien Cardin, député	délégué suppléant
Mme K.G. Montgomery	délégué suppléante
S.D. Hemsley	délégué suppléant

On August 18, 1954, Cabinet approved the following appointments to the Canadian Delegation:

L.B. Pearson	Head
David M. Johnson	Delegate
Senator Charles B. Howard	Delegate
G.D. Weaver	Delegate
Lucien Cardin, M.P.	Alternate Delegate
Mrs. K.G. Montgomery	Alternate Delegate
S.D. Hemsley	Alternate Delegate

Le Cabinet convient également que Paul Martin fasse fonction de chef de la délégation en l'absence de Pearson.
Cabinet also agreed that Paul Martin would serve as Head of the Delegation in Pearson's absence.

Korea

4. A joint report will be submitted to the General Assembly by the fifteen nations which participated in the Geneva Conference. The Canadian Delegation should seek to have the Assembly simply note the report and leave consideration of Korean unification to a more propitious time. The Assembly might also re-affirm the Armistice Agreement and re-state United Nations objectives in Korea. If the question of the future of UNCURK arises, the Delegation should seek to have the Commission continue its activities without substantial change, pending new developments in Korea. The Assembly may be reminded that UNKRA, which was established to promote relief and rehabilitation in Korea, is suffering from a serious shortage of funds and a new appeal for increased financial support may be made.

Representation of Communist China in the United Nations

5. In view of the failure of efforts to reach a final peace settlement in Korea in accordance with the principles laid down by the United Nations, the Canadian Delegation should continue at the ninth session to support measures to postpone consideration of the question of Chinese representation for a limited period. In the unlikely event that a vote is in prospect on the *substantive* question, the Canadian Delegation should refer the matter back to Cabinet.

Admission of New Members

6. It is understood that the Committee of Good Offices appointed by the General Assembly at the eighth session to investigate the possibilities of breaking the deadlock on the admission of new members will be unable to report any progress to the ninth session. The Canadian Delegation should support any measures which may be made to implement a suggestion by the Secretary-General in his latest Annual Report that progress might be made by considering individually applications of countries "which do not directly enter into the balance between the conflicting camps". The Canadian Delegation also should support an Australian proposal to seat Laos and Cambodia in view of the favourable references to their future independence made at Geneva in the settlement on Indochina. It should examine carefully any new "package deal" proposals which may emerge but should refuse to consider any proposals involving the applications of the North Korean and Viet-Minh States in view of plans for the eventual unification of Korea and the Viet-Minh-Viet Nam States.

Cyprus

7. Consideration of the future of Cyprus has been requested by the Government of Greece, which complains that the Government of the United Kingdom has refused to agree to bilateral discussions. The Government of the United Kingdom has indicated it will invoke Article 2(7) of the Charter concerning domestic jurisdiction in an attempt to prevent discussion. The past policy of the Canadian Government on similar questions has been to favour the right of the Assembly to discuss the issue but has been opposed to resolutions that clearly impinge on the domestic jurisdiction of states and involve intervention. While consistently upholding the right of the Assembly to discuss questions involving Article 2(7), Canadian Delegations occasionally in the past have recognized the desirability of avoiding or postponing

discussions on political grounds. The attitude of the Canadian Delegation on the Cyprus question should be aimed at minimizing embarrassment to the free world, and views of the Canadian Delegation on the usefulness of the Assembly's discussing the question should be determined in the light of circumstances prevailing at the time and after further consultation with other friendly delegations.

Tunisia and Morocco

8. At its seventh session, the General Assembly adopted two resolutions in connection with Tunisia and Morocco. The Tunisian resolution urged France to continue negotiations with Tunisian leaders to develop increased measures of self-government in Tunisia. The Moroccan resolution was similar but referred to the development of "free political institutions" rather than self-government. As negotiations have continued in regard to Tunisia and since the French Government recently offered important concessions there, the Canadian Delegation should use its influence to discourage renewed intervention by the Assembly. Corresponding developments have not taken place in Morocco, however, and the Delegation, in accordance with past practice, should not attempt to prevent discussion of the Moroccan problem.

The Question of Dutch New Guinea (West New Guinea)

9. This item has been proposed by the Government of Indonesia to bring pressure on the Government of the Netherlands to resume negotiations on the question of the future of the western half of the island of New Guinea. Discussions which began in connection with negotiations between Dutch and Indonesian authorities on the transfer of sovereignty in the Netherlands East Indies have reached a stalemate and the Dutch have shown unwillingness to negotiate further. The Dutch wish to retain West New Guinea for strategic and economic reasons. The issue has political significance in Indonesia and is being pressed by the Indonesian Government to soothe nationalist bitterness. It has been suggested that the problem might be solved by the establishment of a long-term Dutch trusteeship — a solution that would have advantages for the parties directly concerned as well as for interested third parties. The Canadian Delegation probably should not oppose inclusion of the item on the agenda providing the Indonesian proposal is limited to a request to the Dutch to resume bilateral negotiations, since new discussions have a reasonable prospect of achieving a solution. The Delegation should not define its attitude definitely, however, until further information becomes available on the plans of the Netherlands and other friendly governments for dealing with the question.

South Africa (Items on Race Conflict and Treatment of People of Indian Origin)

10. The Canadian Delegation should continue to support the right of the Assembly to discuss these questions but should abstain on resolutions constituting intervention in domestic affairs of South Africa.

Disarmament

11. A substantial improvement in the position of the West on disarmament has resulted from the private conversations which took place in London during May and June 1954. Canada should participate in Western efforts to capitalize on this development during the ninth session on the assumption that the Western Powers

will present a united front on the main aspects of the disarmament programme. In any event the Canadian delegation should support the continuation of the Disarmament Commission which is the proper forum for a detailed examination of the Anglo-French proposals on a comprehensive disarmament programme (and the United States working paper on international control) submitted in London, which has yet to take place. The General Assembly will most probably be asked to express its opinion on the Indian proposals for a "standstill agreement" on hydrogen bomb tests. The Canadian delegation should support any reasonable position taken in this matter by the United States and the United Kingdom, which are more immediately concerned.

Economic Questions

12. Proposals to establish a special United Nations Fund for Economic Development (SUNFED) and an International Finance Corporation (IFC) will again be discussed. While recognizing the needs of under-developed countries, the Delegation should adhere to the previously expressed Canadian view that it is inadvisable to set up the Fund or the Corporation until circumstances, including progress in disarmament, are such that developed countries can contribute on a worthwhile scale. Canada would not be prepared to contribute at the present time. The Delegation should, however, support action to keep alive both the SUNFED and the IFC projects until a more propitious time.

13. A separate memorandum will be submitted on technical assistance matters, with recommendations for the Canadian contribution to the Expanded Programme for 1955.[2]

14. The Canadian position on the international flow of private capital is that the most important steps toward creating a favourable climate for investment must be taken by the under-developed countries desiring to attract capital.

Human Rights and Social Questions

15. The Draft Covenants on Human Rights have been finally completed by the Commission on Human Rights, and unless a special conference is convened to consider them, this session of the General Assembly may possibly be our last opportunity to influence their content. The Delegation should repeat earlier Canadian suggestions on the drafting of the Covenants, insofar as these have not been incorporated in the final draft, and in particular should press for the inclusion of an acceptable federal-state clause. If the present Soviet-sponsored clause, which requires unlimited application of the Covenants by federal states, is retained, it may be impossible for Canada to sign the Covenants. The Delegation should therefore be careful not to commit Canada to signing the Covenants.

16. The Delegation may support in principle the proposals of the United Nations High Commissioner for Refugees that the Negotiating Committee for Extra-Budgetary Funds should assume the responsibility of raising funds for emergency aid to the refugees under his mandate and that a five-year programme of integration and

[2] Voir les documents 215-217./See Documents 215-217.

resettlement of refugees should be undertaken. No commitment can be made, however, for a Canadian contribution to the High Commissioner's Fund at this time.

17. On the various lesser items relating to human rights and freedoms and social problems, the Delegation should endeavour to have the United Nations and its subsidiary bodies undertake projects which are realistic in terms of prevailing world conditions and in which there is a possibility of practical results.

Questions of Dependent Territories

18. In trusteeship matters, it has been the Canadian view that the details of the administration of trust territories should be left to the Trusteeship Council and the General Assembly should concern itself with broad principles. The Delegation should maintain this attitude. It should also seek to moderate the inevitable disagreements between those countries that administer trust territories or colonies and those that do not and are critical of the administering powers.

19. The United Kingdom proposal to end its trusteeship of British Togoland and unite this territory with the Gold Coast appears to warrant Canadian support. Although there is no prospect of South Africa accepting any form of accounting for South West Africa to the United Nations, the Delegation should support the procedure which has been worked out by the Ad Hoc Committee on South West Africa in an effort to implement the International Court's opinion on the status of the territory.

Personnel Questions

20. The International Court has ruled that the General Assembly has no right to reject the awards of compensation made by the United Nations Administrative Tribunal to dismissed United States nationals. The United States may continue to oppose payment of the awards, but the Canadian Delegation should vote to uphold the opinion of the International Court.

L.B. PEARSON

120.

PCO/Vol. 2656

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa] September 8, 1954

UNITED NATIONS GENERAL ASSEMBLY; 9TH SESSION; INSTRUCTIONS FOR CANADIAN DELEGATION

24. *The Secretary of State for External Affairs* said that the 9th session of the General Assembly was not expected to result in relaxation of major international tensions. None of the items on the agenda offered hope for a significant rapprochement between the free nations and the communist world. Most of the contentious items on the agenda had been debated previously. The outcome of the Geneva Conference provided little scope for constructive action on a political settlement for

Korea, and the decisions of the Conference on Indochina were not expected to come directly before the Assembly. Some new items, such as Cyprus and West New Guinea, raised grave problems for the countries of the free world, and lent themselves to communist exploitation.

Since the end of the 8th session, the communist alliance had achieved a number of diplomatic triumphs outside the United Nations. Its members in the United Nations undoubtedly would seek to pose as protagonists of peace, and to exploit and derive propaganda dividends from differences between non-communist countries which would be aired on a number of issues at the coming session. He felt that, in accordance with past practice, the Canadian delegation should, therefore, use its influence to mediate and conciliate disputes involving the non-communist countries in the interests of a united front for the free world. On the other hand, the delegation should not support any initiative which would deprive the communist members of their rights under the Charter or which, without some important compensatory advantage, would provoke them to leave the Organization.

Draft instructions to the Canadian delegation on such matters as elections, Korea, representation of Communist China in the United Nations, admission of new members, Cyprus, Tunisia and Morocco, Dutch New Guinea, South Africa, disarmament, economic questions, human rights and social questions, dependent territories and personnel problems in the United Nations secretariat, were submitted for consideration.

Some of these items presented rather difficult problems. For example, it was suggested that the Canadian delegation be instructed that, in the event the substantive question of whether Communist China should be admitted to United Nations came to a vote, the matter should be referred back to Cabinet for consideration. This was merely a device to avoid the necessity of taking an immediate decision on a question of importance on which United Kingdom and United States views were sharply divided.

It was also feared that the question of Cyprus might give rise to a difficult situation. Consideration of the future of Cyprus had been requested by the Greek government who had complained that the United Kingdom had refused to take part in bilateral discussions. The U.K. government had indicated it would invoke Article 2(7) of the Charter, concerning domestic jurisdiction, in an attempt to prevent discussion and that, in the event the question actually did come up for discussion, the U.K. delegation would walk out. The past policy of the Canadian government on similar questions had been to favour the right of the Assembly to discuss the issue, but had been opposed to resolutions which clearly impinged on the domestic jurisdiction of states and involved intervention. At the same time, Canadian delegations, occasionally, in the past, had recognized the desirability of avoiding or postponing discussions on purely political grounds. He felt that the attitude of the Canadian delegation on the Cyprus question should be aimed at minimizing embarrassment to the free world, and views of the Canadian delegation on the usefulness of the Assembly discussing the question should be determined in the light of circumstances prevailing at the time and after consultation with other friendly delegations.

In the event the question came to a vote, the Canadian delegation might abstain without taking a positive stand one way or the other.

An explanatory memorandum had been circulated.

(Minister's memorandum, Sept. 7, 1954 — Cab. Doc. 187-54).

25. *In the course of discussion* the following points emerged:

(a) It was suggested that the Canadian delegation should be extremely careful in handling the Cyprus question. Of the total population on the island, approximately 80 percent were of Greek origin, 18 percent of Turkish origin and 2 percent of other origin. The Greek government contended that what it wanted was to enable the local population to determine by free vote, whether it wished to remain under British jurisdiction or to go to some other jurisdiction, or to have independent government. On the other hand, the U.K. government felt that the Greek government as an ally had been extremely ill advised in raising this issue at the present time in view of the recent withdrawal of British forces from the Suez Canal zone and the continuing need of Cyprus as a U.K. military base in the eastern Mediterranean.

(b) Problems arose more and more frequently in the United Nations which demonstrated the apparent conflict between that Article of the Charter which removed domestic matters from U.N. jurisdiction and another Article which stipulated that any matters came within U.N. jurisdiction if they affected peace and security. It was suggested that the Canadian delegation might consider the advisability of suggesting that this question be referred to the Secretariat for full consideration and report.

(c) With regard to proposals to establish a special United Nations Fund for Economic Development (S.U.N.F.E.D.) and an International Finance Corporation (I.F.C.), it was noted that, while Canada was not prepared to contribute at present, the delegation should support action to keep alive both the S.U.N.F.E.D. and the I.F.C. projects until the time might be propitious to implement them. Some doubt was expressed as to the advisability of having the Canadian delegation give support to these projects on the basis proposed.

26. *The Cabinet* approved the draft instructions to the Canadian delegation to the 9th session of the United Nations General Assembly, as submitted by the Secretary of State for External Affairs; it being understood that the stand to be taken by the Canadian delegation on proposals to establish a special United Nations Fund for Economic Development and an International Finance Corporation would be considered further by the Secretary of State for External Affairs and the Minister of Finance.

121. DEA/5475-DW-33-40

Le représentant permanent auprès des Nations Unies au sous-secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Under-Secretary of State for External Affairs

LETTER NO. 811 New York, September 10, 1954

SECRET

NINTH GENERAL ASSEMBLY PREVIEW: POLITICAL ITEMS

It may be of some assistance to you if I try to put together in this letter some estimate of the probable character of the Ninth General Assembly on which we have been reporting piecemeal, item by item.

2. I think most Western Delegations here would now agree that the Ninth Session will have its quota of headaches, but is unlikely to be of the same order of importance as, for example, the Seventh Session when an outline of the Korean armistice was evolved. Unless some unforeseen development takes place, there is unlikely to be any one theme of predominating importance to Canada throughout the Ninth Session. For a variety of reasons of which the most important is perhaps the unresolved question of the representation of Communist China, the major political questions — certainly those dealing with Far Eastern affairs — cannot really be negotiated in the United Nations at present; the pattern of negotiating outside the United Nations has been set at Berlin and Geneva.

3. The time was when a Canadian Delegation could begin an Assembly in the hope that concrete accomplishments would be achieved, and if there is no such optimism this year we can at least hope that the world will be in a no more unhappy state at the end of our labours than when we began.

4. This may sound cynical. It is not. It is the general impression among Permanent Delegations that the United Nations is going through a critical phase. It is for the time being no longer fulfilling its primary function as a place where major differences are settled, or where the attempt to settle them is at least made. Differences are now aired, not settled. The United States Representative compares the odd shape of the General Assembly to a megaphone, and uses it accordingly, following the pattern long established by Soviet Delegates.

5. Nor can the smaller Delegations be absolved from all blame for the situation in which the United Nations finds itself. A number of the Latin American Delegations and most of the Arab and Asian Delegations have gradually been using the United Nations more and more as a kind of "wailing wall". The General Assembly gives them a unique opportunity every year to attack the colonial powers for the slow pace at which non-self-governing and trust territories are being brought to self-government. At the same time they insistently hold out their hands for some kind of capital as well as technical assistance in the economic development of their territories, calling for help in most cases upon the very countries they have been assailing as retrograde imperialists.

6. The fact is, of course, that the United Nations as at present constituted is not a suitable place for conducting serious negotiations. It is literally and metaphorically a glass house set in the news capital of the world. Our experience last year showed that even such a subject as disarmament — a United Nations subject *par excellence* — could not be profitably handled in New York among all members of the Disarmament Commission meeting in public. It was dealt with by means of a private sub-committee of the five powers principally concerned meeting in London. This is a pattern which may have to be followed in dealing with other subjects which have not only a propaganda but a substantive value.

7. If no convenient tag is yet evident for the Ninth Session, it is nevertheless apparent that colonial questions will feature prominently on the agenda of the Political Committee. We shall have to grapple as best we can with the legal and political nettles surrounding the questions of Cyprus, West New Guinea, Tunisia and Morocco. The Canadian Delegation may have to face a re-examination of our views of former years on the interpretation to be given to intervention in domestic affairs of states and the precise meaning of Article 2(7) of the Charter. For although we could with reasonable confidence assert that Assembly discussion of *apartheid* in South Africa and even of the restless evolution of French North Africa was permissible, the attempt by Greece to detach from the United Kingdom a territory to which the United Kingdom Government has clear title raises the prospect of anti-colonial agitation in the United Nations on a scale never contemplated at San Francisco. Indeed, it is becoming increasingly clear that if the drift in this direction is not checked by an upsurge of robust commonsense, the colonial powers will come to regard the United Nations as a liability, reacting in a manner detrimental to the high aims and purposes of the United Nations — and to their own national interests as members in good standing of the international community.

8. While the colonial issues will unquestionably be the most important for the Western European powers, the question of Chinese representation will again dominate the scene for the United States and colour its approach to every other question and every election. Although United States leaders of both parties have permitted themselves to speak in less rigid terms about this issue in recent weeks, I think that their moderation is based on the assumption that, as Sir Winston Churchill evidently suggested in Washington earlier in the summer, the admission of Communist China to the United Nations should not be considered until there is peace in Korea. This would give the United States further cause for contentment with the *status quo* in Korea were they not relieved of responsibility for that deadlock by the joint intransigence of the Communists and President Rhee.

9. In keeping with their equivocal attitude towards the Geneva Conference and the settlement reached on Indo China, the United States Delegation will in all probability try to head off any General Assembly resolution calling for the resumption of negotiations with the Communists on Korea or the convening of a Geneva Conference on Korea. Their attitude may be in direct conflict with that of the Indian Delegation. Judging from some of the recent discussions in Washington on the report of the 16, the United Kingdom, Canadian and other Commonwealth Delegations may find themselves in an awkward position.

10. Indo China offers the Soviet Delegation similar possibilities for divisive and rather fruitless debate. Although the representations of the United Kingdom, French and Canadian Governments have been successful in dissuading Prince Wan from proceeding with his item on the threat to the security of Thailand, the Australians, with little or no prior consultation have submitted an item on the admission of Laos and Cambodia which will, it is feared, open a debate on Indo China, even though the damage may be minimized by discussing the subject as part of the general question of the admission of new members.

11. In any case, it seems altogether likely that the annual Soviet omnibus item on "measures to avert the threat of a new world war and to strengthen peace and security among nations" will be resuscitated in an effort to drive the obvious propaganda wedges between the Western Powers on both Korea and Indo China for the benefit of Communist propaganda in Asia and in Western Europe.

12. We do not yet know whether the United States Delegation will come up with any new move in the cold war. They have been considering the inclusion of an item which would aim at spotlighting Soviet imperialism in Eastern Europe and elsewhere, to off-set the effect of the items which will put the United Kingdom, the Netherlands and France "in the dock". Although an item dealing with self-determination in Eastern Europe must clearly be classed as a "cold war item" there does seem to be a grave injustice in the pattern which has been developed in recent years of, so to speak, "picking on the good boys". The Soviet Government has rarely been attacked, and never directly by the Arab and Asian group which have made the deliberate calculation that only the colonial territories of the Western Powers could conceivably be detached by the intervention of the United Nations.

13. We are also in doubt as to how the United States Delegation will treat the proposed Agency for the peaceful development of atomic energy which was announced on Labour Day by President Eisenhower. His omission of any reference to the United Nations in his announcement has been quietly regretted by United Nations commentators who recall that the President told the General Assembly last December 8 that the United States expected that "such an Agency would be set up under the aegis of the United Nations". When the President's plan was first laid before the General Assembly it was greeted with remarkable enthusiasm and the failure to follow through with an Agency in some way related to the United Nations, even without the participation of the Soviet Union, would be not only a disappointment but, in our opinion, a missed opportunity.

14. If the United States has decided not to feature its plans for an atomic agency related to the United Nations, the disarmament debate will in all probability be dominated by three proposals:

(a) the Anglo-French memorandum submitted during the Sub-Committee talks in London;

(b) the Soviet proposal to ban the use of the atomic bomb; and

(c) the Indian proposal to stop all further thermonuclear test explosions.

15. Both the Soviet and the Indian proposals may cause the Western Powers some embarrassment. For this reason, if for no other, Western tactics will probably fea-

ture the Anglo-French proposals which have so far failed to receive the attention from the press and the public which they undoubtedly merit.

16. Any review of the Assembly's agenda which passes over the economic, social, administrative, financial, legal and trusteeship problems is obviously incomplete. I have tried however to concentrate on the political problems which will be receiving the most public attention and which will therefore largely determine the character of the Assembly.

17. Finally, there is one question, namely Chinese representation, which is not on the agenda but will colour and influence every election and every political question to be discussed.

18. The United Kingdom Government now seem willing to agree to a procedural motion to postpone this issue once more for the rest of the year, by which time the United States Mission hope that the Ninth General Assembly will be over. The only Western Europeans who will probably not support postponement are the Scandinavian Delegations. With the support of the Latin American Delegations assured, there seems no doubt that the postponement motion will carry. The issue which was raised in such dramatic terms in Washington in July is therefore largely unreal insofar as the forthcoming session is concerned. But looking further ahead the United Kingdom, France and other Delegations foresee that it might become a very real issue at the Tenth Session next year (which is not an election year in the United States), provided there has been no new outbreak of violence in the Far East or elsewhere in the meantime.

19. Until this issue is solved the United Nations cannot hope to function as it was intended that it should. With the possible exception of such neutrals as Finland and Austria, no headway towards universality of membership can be expected until it is solved, nor can the Great Powers do other than by-pass the United Nations in any negotiations that must involve Communist China.

20. It may interest you to know that when I asked Mr. Hammarskjold how he thought the Ninth General Assembly would develop he replied that it was impossible for anyone to make predictions with any degree of certainty until they knew Mr. Dulles' mood and Mr. Vyshinsky's instructions.

DAVID M. JOHNSON

SUBDIVISION II/SUB-SECTION II

CHYPRE
CYPRUS

DEA/50141-40

122.

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

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

SECRET

[Ottawa], August 20, 1954

STATUS OF CYPRUS

Since April of this year we have been pressed by the Greek Government to use our influence to persuade the United Kingdom Government to agree to hold "friendly talks" with Greece about Cyprus. The Greeks have stated that unless bilateral negotiations took place, they would be obliged to make an appeal to the United Nations — presumably a plea that the Cypriots be permitted to express their views on the future status of the island. The Greeks confidently believe that the majority of Cypriots would in any official plebiscite vote for union with Greece. We have made clear to the Greek representatives our desire not to become involved in the dispute and have deplored the prospect of a debate at the United Nations which can benefit only the communists. (The history of the Cyprus question is attached as Appendix A† and a summary of the Canadian attitude on the domestic jurisdiction clause of the Charter, as Appendix B.†)

2. It is clear from recent informal discussions with United Kingdom officials that we shall shortly be faced with a formal request from the United Kingdom Government for support in their effort to block the inscription of the Cyprus question on the Assembly agenda. If we are agreed that for political and practical reasons we should support the United Kingdom in this attempt, we can no doubt devise a formula to reconcile such a position with our past performance at the United Nations on the question of competence and particularly in its relevance to colonial questions. The reconciliation lies, however, in a practical rather than a legal approach to the problem.

3. The Greek Delegation at New York has now requested that the Cyprus issue be placed on the provisional agenda of the forthcoming Assembly. We have also been informed by the United Kingdom that they will strenuously oppose the inscription of the item on the agenda. The United Kingdom Government has informed the Department that, if the United Kingdom failed to block the placing of the item on the agenda, its representatives would absent themselves from the debate on the subject. It seems that in such event the United Kingdom Government would also reconsider its policy of cooperation with the United Nations on colonial matters. The United Kingdom authorities take a very serious view of the jurisdictional question, implicit in the Cyprus issue, and believe that if the Assembly is permitted to

debate this issue, there can be no limit to its investigation of colonial and other domestic matters. Other United Kingdom officials have said that the Cyprus issue at the United Nations will be regarded as a test friendship. The United Kingdom would like the full support of its NATO and Commonwealth partners. A recent report stated that the United Kingdom, France and the Netherlands had agreed to support each other in an effort to keep all colonial issues off the Assembly agenda. While this pooling of resources would not seem particularly helpful to the United Kingdom case, it does help us to assess the probable voting at the Assembly.

4. The United States has exerted strong pressure on the Greek Government to persuade it to withhold action at the Assembly. The Papagos regime, although professing reluctance to stir up this potential hornets' nest of embarrassment for the Western democracies, is unwilling for reasons of domestic politics to be restrained. It seems likely, moreover, that the Greek authorities strongly resent the curt rebuff by the United Kingdom of their suggestion about bilateral negotiations. Because of public opinion in Greece about Cyprus, the Greek Government may require a face-saving device. The Greeks appear confident that they can win wide support at the United Nations.

5. Much will depend on the attitude of the United States and Turkey. The United Kingdom authorities believe that the United States will give them support at the United Nations but there has been no United States commitment to vote against the inclusion of the Cyprus question on the agenda. Although United States officials are sympathetic to the United Kingdom position, domestic opposition to colonialism and irritation about the United Kingdom policy on other matters might oblige the United States Government to withhold full support. However, there has been a hint of a horse-trade between the United Kingdom and the United States involving the admission of Communist China. The United States will no doubt be influenced too by the attitude of Turkey. There seems little doubt that the United States will, in any event, do its utmost to moderate the debate. For their part, the Greeks appear to be counting heavily on United States support.

6. The attitude of Turkey is now clear. The Turkish Delegation will vote against the inscription of the Cyprus item on the agenda and, if it is inscribed, will continue to oppose discussion at the Assembly. Turkish officials have in the past expressed strongly their opposition to any change in the *status quo*. They apparently do not relish the prospect of Greece acquiring sovereignty in Cyprus. Apart from their own aspirations, the Turks are concerned about the Turkish minority which forms about 18 percent of the population of Cyprus. The Turks have not aired these views too openly, because of their close relations with Greece and particularly because of recent developments toward a Balkan alliance.

7. The United Kingdom stand-fast policy is based primarily on an appraisal of the strategic value of Cyprus. For the foreseeable future the United Kingdom Chiefs of Staff consider that the island must remain under United Kingdom sovereignty. The United Kingdom officials recognize that this argument would attract little support. Their first line of defence will be the domestic jurisdiction clause (article 2(7) of the Charter), on which a strong legal argument can be made. As further arguments against debating the question at the United Nations, United Kingdom may urge

practical reasons such as the futility of a sterile debate, the need for stability in the area, the material advantages to the Cypriots of United Kingdom occupation, the recent decision to establish limited self-government. However, because of the emotional appeal of the Cypriot demand for self-determination, because of the inflexibility of the United Kingdom stand-fast policy and because of the past trend at the United Nations in favour of a full discussion of colonial issues, the United Kingdom arguments may well not succeed in preventing inclusion of the item on the agenda.

8. United Kingdom officials are apparently aware that our past liberal attitude on the domestic jurisdiction clause might create difficulties for us. They obviously hope we can find some formula for giving them full support. We have given them our reasons for believing that the majority in the Assembly will decide in favour of a debate on Cyprus. We have expressed our grave concern about their proposal not to participate in the debate — which action, we believe, will only aggravate the embarrassment which the debate will cause the Western democracies. They seem aware of these possibilities but not unduly worried about them.

9. The United Kingdom Government is no doubt under heavy pressure to maintain its position in Cyprus. It has to bear in mind not only the roused public opinion in the United Kingdom but the attitude of loyal Cypriots. United Kingdom officials believe that any suggestion of bilateral negotiations with Greece would be interpreted in Cyprus as a sign of weakness and the beginning of a withdrawal from the island. Thus the administration would be undermined. Nevertheless, although this exercise of power politics may be unavoidable, the achievement of its principal aim — a stable location for key military establishments in the chain of command and communications — seems unlikely because of the methods being employed. The recent announcement that anti-sedition laws would be rigidly enforced to prevent the campaign for union with Greece is perhaps the forerunner of increasingly stringent measures to maintain order on the island. The recent decision to establish a constitution patterned on but not as liberal as the one rejected in 1948 seems unrealistic. Many sections of the United Kingdom press have begun to deplore these tactics, though sympathizing with the Government's desire to maintain sovereignty.

10. Whatever the merits of the case we shall have to do what we can to minimize the damage at the United Nations. The Soviet Union and its sympathizers will no doubt seize the opportunity to embarrass the United Kingdom and its NATO allies, to woo the opponents of colonialism in Asia and Africa, and to exploit the rifts in NATO solidarity which the debate will open. The United Kingdom, whose record at the United Nations is reasonably clean, may also be assailed by anti-colonial operators from Asia, Africa and Latin America. Perhaps the heaviest loser, however, will be the United Nations which will have one more burden which might more appropriately be borne by the parties concerned.

11. The courses open to us are as follows:

(a) We can work with the United Kingdom to prevent the Cyprus item from being inscribed on the agenda. Since Canada is not likely to be represented on the General Committee, we shall not be required to take a stand on the procedural question,

until it is raised in plenary session. In this event we could vote against inscription and explain our vote in practical rather than legal terms. We could argue, for example, that the proposed discussion was untimely and unlikely to yield beneficial results.[3] In consultation with the United Kingdom, which would have to be made aware that our view was based more on the "untimeliness" than on the "impropriety" of the Greek appeal, we might also use our influence to canvass support for the movement to block the item. If these efforts failed and if the United Kingdom appeared to welcome our doing so, we might work to moderate the debate and head off troublesome resolutions. The foregoing course of action would please the United Kingdom but not the Greeks, who might nonetheless understand our position in the matter.

(b) We could vote for the inscription of the item on the agenda and work for a moderate resolution,[4] calling upon the parties concerned (perhaps to include Turkey) to enter into negotiations or perhaps merely taking note of the situation. This action would be most unpopular with the United Kingdom (which has not often requested that we lend support on colonial matters) and, in view of the latter's inflexible attitude, would be unlikely to yield beneficial results for the United Nations or for the Cypriots. It would certainly encourage extreme Greek nationalists to intensify their campaign for Pan-Hellenism which has wider implications than Cyprus.

(c) Like the Turks, we could vote against the inscription of the item on the agenda and, if the effort to block it failed, continue to oppose the discussion of the question. This approach appears to be what the United Kingdom would like us to do but in view of our attitude on earlier colonial questions like Tunisia and Morocco, might be hard to justify, in spite of genuine distinctions which can be made. Moreover, we would then be precluded from taking action to moderate the debate and the resolutions and from advocating the United Kingdom's case.

(d) We could hold aloof from the debate and abstain in all voting. While this action might be consistent with a neutral attitude on colonial questions, it would not be consistent with our general desire to be helpful at the United Nations and might be misunderstood in many quarters.

(e) We could take no part in the procedural debate and abstain on the vote whether the item should be inscribed on the agenda. We could explain our abstention as being a balancing of our past attitude on domestic jurisdiction with our belief that no practical benefits would result from the debate. If a debate were proceeded with (which we believe is all too probable) we could work to moderate the discussion and any resolutions which might come out of it. We might counter communist propaganda by pointing to the benefits which the Cypriots have derived from United Kingdom administration. We would oppose immoderate resolutions and might also try to persuade the United Kingdom not to stage a "walk-out".

[3] Note marginale :/Marginal note:
What have we done in the past? [L.B. Pearson]
[4] Note marginale :/Marginal note:
dip[lomatic] discussions [L.B. Pearson]

11. There seems to be no need at the moment to take a decision on these courses of action. Indeed, it may be desirable to hold off until the policy and tactics of the United States and other friendly governments become more fully known. Shortly, however, we shall have to tell the United Kingdom, and presumably the Greeks, what position we propose to adopt at the Assembly.

12. I see few advantages and some difficulties in courses (c) and (d). If you agree, we might discard them now and continue to study the implications of the other three, in consultation with friendly governments.[5] Your views on this approach would be appreciated.

J[ULES] L[ÉGER]

123. DEA/50141-40

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

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

SECRET [Ottawa], September 9, 1954

CYPRUS

The Belgian Ambassador called on Mr. Chapdelaine yesterday to discuss this subject. Mr. Muûls had been instructed to ask for our views on a suggestion of Mr. Spaak that each one of the NATO powers should make separate representations to Greece and to the United Kingdom with a view to persuading them to take some action to avoid the threatened debate between NATO partners on Cyprus at the ninth session of the General Assembly. Although the Belgian Ambassador did not say so, we assume that the démarche would be designed to persuade the two parties to enter into bilateral talks. The Belgian Government would like to have our reaction to Mr. Spaak's proposal, if possible, by Friday.

2. At an early stage we considered in the Department whether the Cyprus question might be introduced for discussion by the NATO Council. We concluded that although the Council might be an appropriate forum for such discussion, in view of the inflexible attitude on both sides there appeared to be little possibility that that course of action would alleviate the situation and it might, moreover, have graver consequences for NATO than a debate at the United Nations, without satisfying the demands of the Greeks or improving the lot of the Cypriots. We also concluded that any action within NATO and any Canadian initiative in this regard would be bitterly resented by the United Kingdom, although it might be welcomed by Greece. We believe that similar considerations apply to Mr. Spaak's suggestion.

3. The Greek Government would be only too happy to comply with any démarche along the lines of Mr. Spaak's suggestion, subject to its being accepted by the

[5] Note marginale :/Marginal note:
yes [L.B. Pearson]

United Kingdom. There would probably be no difficulty about withdrawing the item from the Assembly agenda. In his most recent despatch on Cyprus (No. 423 of September 1)† Mr. MacDermot has reported his impression that Greek officials, notably Mr. Kyrou, are anxious about the consequences of the decision to precipitate the issue at the United Nations. The Greeks have been amply warned by friendly governments about the harm which is likely to result. They are fearful too because hopes in Greece may have been raised too high and because of the possible repercussions of a Greek failure at the Assembly. In effect the Greeks are clinging to their argument that the Papagos Government was obliged by the pressure of popular indignation to take action at the United Nations. Of equal value as a face-saving device, without the attending disadvantages would be an opportunity to discuss the Cyprus issue bilaterally with the United Kingdom.

4. For its part the United Kingdom considers that the status of Cyprus is a domestic matter and one not open for discussion by third parties. The United Kingdom's standfast policy is designed to win friends among the Cypriots, more of whom are believed by the United Kingdom authorities to be favourably disposed to the present rule than would appear on the surface. The United Kingdom officials are relying heavily on the loyal Cypriots to make greater efforts to combat the extremists of the right and the left who have been pressing for union with Greece. These reasons, among others, have much to do with the United Kingdom's refusal to listen to any suggestions about discussions concerning the future status of the island. The United Kingdom officials apparently believe — perhaps as a result of the bitter experience in Iran and Egypt — that talks of any kind will be interpreted by all the Cypriots as the beginning of the end — the forerunner of a withdrawal from Cyprus. The extreme Greek nationalists would be thereby encouraged to intensify their activities; the loyal elements would be completely disheartened; and the undecided Cypriot majority would have no real choice to consider. The United Kingdom Government hopes that its policy of firmness will work in the opposite direction (and incidentally will calm the roused rebels of the Conservative Party). They hope too that, combined with the material benefits of United Kingdom occupation and the most recent constitutional reforms, the standfast policy will turn the tide against Enosis.

5. While we may not share the United Kingdom's optimism about its present policies on Cyprus and while we may deplore the tactics employed, we should only be asking for trouble if, knowing as we do the motives behind United Kingdom policy, we were to press the United Kingdom Government to take steps which it has already carefully considered and found unacceptable. Unless Mr. Spaak has some information from United Kingdom sources which indicate a softening of attitude, we can see no likelihood that an approach by NATO powers, either jointly or separately, can do anything but aggravate the situation by incurring the annoyance of the United Kingdom. This irritation might greatly add to the present difficulties within NATO. As you know, we tried earlier to find some room for manoeuvre in the United Kingdom position but our approach in London met with a rather blunt rebuff. The United Kingdom is obviously hoping, among other things, that this adamant attitude will persuade others to support its effort to block the inscription of the item on the Assembly agenda. In any event, it seems, the United Kingdom Govern-

ment has firmly decided to do nothing which can be remotely regarded as weakness on Cyprus. The conclusions are, therefore, that Mr. Spaak's suggestion has come too late and that even if it had come earlier, it would have been doomed to fail.

6. Accordingly, if you agree, I might speak to the Belgian Ambassador along the following lines: our present information indicates that there is no hope of avoiding the unpleasant situation which threatens at the forthcoming Assembly. We greatly deplore the prospect and have, in fact, made informal efforts to dissuade the parties from pursuing the policies which have led to the item being placed on the agenda. Our understanding is that the United Kingdom has no intention of changing its stand on Cyprus. If the Belgian Government has any reason to believe that this is not so, we shall be glad to reconsider the question of an approach by the several NATO powers. As presently advised, however, we regret we can see no benefit and perhaps some harm, particularly to NATO, in Mr. Spaak's suggestion.[6]

J[ULES] L[ÉGER]

124. DEA/50141-40

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

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

SECRET [Ottawa], September 16, 1954

CYPRUS

Following your comments on my memorandum of August 20, the Department has continued to examine the courses of action which appear to be open to Canada when the Cyprus item comes up for discussion at the ninth session of the General Assembly. We have been concentrating on the inscription issue, that is, whether the item should be inscribed on the agenda. Recent reports from London and New York have given a clearer, though not much brighter, picture of the prospects at the forthcoming Assembly.

2. The discussion is likely to develop along three main lines, the first two of which may become intertwined:

(a) *The Inscription Issue*—The General Committee will discuss whether the item should be inscribed and make its recommendation to the plenary session, which in all probability, since the issue will be closely contested, will re-examine the question.

(b) *The Competence Issue*—If the Assembly decides that the item should be inscribed on the agenda, the question will then have to be decided whether the Assembly is competent to discuss the merits.

[6] Note marginale :/Marginale note:
I agree L.B. P[earson]

(c) *The Merits*—If the Assembly decides that it is competent to discuss it, the Cyprus issue will probably be presented by the Greeks as a plea that the Cypriots be allowed to express their views on the future status of the island — in short, to exercise the right of self-determination said to be embodied in Article 1(2) of the Charter.

3. These lines of development can and should be considered separately in deciding the policy and tactics which the Canadian Delegation to the ninth session should adopt. The inscription issue is obviously the most important, because if it is decided against Greece the other issues will not arise, at the forthcoming Assembly at least, and the United Nations and the Western democracies will have been saved from a most unpleasant situation. The inscription issue should be decided primarily in the light of the *harm* which is likely to stem from a United Nations debate on Cyprus. It is now clear that this debate will have no beneficial results for anyone but the communists. Our aim is, therefore, to find a formula which will enable us to work for the prevention of that harm.

4. It should be emphasized that the inscription issue has not often been raised concretely at the Assembly. Most delegations have in the past been content to allow all items to be inscribed on the agenda — although there have been occasions when delegations have been persuaded to withdraw items or when items have been postponed for future sessions. Those opposed to the discussion of any specific item have usually waited until the debate in plenary session or in the relevant committee to urge the well-known arguments on the competence issue, that is, whether the Assembly has the right under the Charter to discuss the matter before it. Past Canadian policy, which in a general sense has been liberal toward the Assembly's right to discuss, has usually been related to the competence issue rather than the inscription issue. You will recall that the Assembly has decided (in 1952 when your ruling on Rule 80 was overruled) that the competence issue should not be argued until a decision has been taken on whether the item concerned has been inscribed on the agenda.

5. The most recent reports indicate that the United Kingdom will approach the Cyprus item somewhat along the foregoing lines. The United Kingdom authorities now say that, although they must of necessity and for the record emphasize their legal objections to the inscription of the Cyprus item on the agenda, it is not their intention to base the United Kingdom case on inscription exclusively on legal considerations. They do not wish to turn the debate on inscription into a series of arid, legal dissertations when the subject matter of the Cyprus issue is so important for the maintenance of good relations between Greece and the United Kingdom, for the stability of the Balkan alliance, for the continued progress of the people of Cyprus and for the continuance of the work of the United Nations in relation to non-self-governing territories. In the debate on inscription in plenary session, at which stage the Canadian point of view is likely to be expressed, the United Kingdom Delegation propose, after a passing reference to the legal position, to appeal to members, whatever their views on the legal issues, to recognize that the discussion of the Cyprus issue in the General Assembly *would be most unpropitious at present.*

6. The United Kingdom officials have admitted that this change of tactics is designed to win support. They hope that their approach will make it possible for member states, like Canada, who have in the past regarded "discussion" as being something less than the "intervention" contemplated in Article 2(7), to lend their support to the United Kingdom effort to block inscription.

7. The most recent tabulation of the anticipated vote on the inscription issue reveals that the United Kingdom is having some success in persuading member governments to their point of view:

(a) The following countries have signified their intention to vote against inscription: Australia, Belgium, France, Liberia, Luxembourg, Netherlands, New Zealand, Peru, South Africa and Turkey. (We now understand that Pakistan will also vote against inscription.)

(b) The following countries have replied to the United Kingdom representations in such a way as to suggest that they will abstain: Bolivia, Brazil, Chile, Colombia, Costa Rica, Denmark, Iceland, India, Iran, Iraq, Lebanon, Mexico, Norway, El Salvador, Sweden, Syria, United States and Yugoslavia.

(c) None of the countries approached has definitely stated its intention to vote for inscription but the responses of Afghanistan, Burma, Guatemala, Egypt and Indonesia, indicate that they are more likely to vote with Greece than to abstain. The Soviet bloc was not approached but it is regarded as certain to favour inscription.

(d) Some twenty countries, including more than half the Latin American states, are as yet unaccounted for. There is no indication that either the Latin American or the Arab states will vote en bloc.

(e) The United Kingdom attaches great importance to being able to change some of the abstentions in (b) into votes against inscription. They may be successful in the case of Chile, Colombia and Iraq and possibly El Salvador.

8. The United Kingdom has been informed that the United States will abstain on the question of inscription. We assume that this abstention will be on the general ground that it is not expedient to discuss the Cyprus question at the forthcoming Assembly. Whether the United States is prepared to use its influence with other governments to assist the United Kingdom is not clear. We are expecting a report from Washington on United States policy and tactics.

9. Interesting reports from New Delhi and Karachi indicate that neither the Indians nor the Pakistanis have much enthusiasm for the Greek appeal to the United Nations and both are anxious to avoid any embarrassment to the United Kingdom. They apparently regard the Cyprus question not so much as a colonial issue as a dispute about a piece of territory between two European powers. The Indians have explained that their previous attitude toward the domestic jurisdiction clause makes it difficult for them to oppose the inscription of the Cyprus item; they will probably abstain on this procedural issue. The Pakistanis have expressed the same difficulty but have apparently found a formula which will permit them to oppose inscription. The attitude of these two powers may influence other states in the Arab-Asian bloc, although most of the latter may not care whether the United Kingdom is embarrassed.

10. The foregoing assessment, largely based on information from United Kingdom sources, indicates that the voting on the inscription issue will be close. Previously we had concluded that there was little chance that the United Kingdom opposition to inscription would gain much support. Now, it seems, the United Kingdom authorities are cautiously optimistic about the outcome of the inscription vote. In these circumstances, the Canadian vote might assume considerable importance. It will be wise, therefore, to withhold our *final* decision on the voting, until the line-up has become more clearly established.

11. In the meantime I suggest that we give serious consideration to the following recommendations:

(a) Canadian policy on the inscription issue must take into account our past liberal attitude toward the Assembly's right to discuss many matters not unlike the Cyprus issue and the political and practical question whether a discussion of Cyprus in the Assembly at this time would exacerbate rather than improve matters. If we were to be guided solely by our past practice we should probably not oppose inscription of the Cyprus item. However, on political and practical grounds, there is a strong case for opposing discussion of the issue by the Assembly at the present time. On balance abstention seems to be the best course for Canada to adopt on the inscription issue. However, if it becomes apparent that the Canadian vote may well be decisive on whether the item is to be inscribed — and the present indications are that there will be a close vote — we should be prepared to consider a vote against the inscription of the item. Like New Zealand, we could confine our explanation of the vote to political and practical arguments why the Assembly *should not* discuss the Cyprus issue now, without specifically denying its competence to discuss the matter.

(b) If the item is inscribed on the agenda and the competence issue continues to be contested, we should abstain on the competence issue and explain our abstention on the grounds that we have in the past usually voted in favour of the Assembly's right to discuss, that we have serious doubts whether this right extends to the Cyprus item and that, as we would have previously said on the inscription issue, we have grave misgivings about the wisdom of an Assembly discussion.

(c) If, notwithstanding the foregoing, the merits of the Cyprus issue are debated, we shall have to consider carefully the course to be adopted. As a matter of tactics we might work to have the matter referred to one of the non-political committees. We have until now considered that in any such debate Canada would try to moderate the discussion and to head off troublesome resolutions. Our High Commissioner in London has recently reported, however, that the United Kingdom would probably prefer a harsh resolution to a moderate one, because the former could more easily be ignored. This attitude creates a complicated situation which we may well have to play by ear as the matter develops.

12. If you agree, this memorandum might serve as the basis of the policy guidance section of the commentary note.

JULES LÉGER

DEA/50141-40

125.

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 25 New York, September 23, 1954

CONFIDENTIAL

Reference: Our telegram No. 19 of September 22, 1954.†
Repeat Washington No. 7.

GENERAL COMMITTEE—CYPRUS

By a decisive majority, the General Committee this morning recommended the inscription of Cyprus on the assembly's agenda. The vote makes it a foregone conclusion that the issue will be inscribed. Nine countries voted in favour (Burma, China, Cuba, Czechoslovakia, Ecuador, Iceland, Syria, Thailand, USSR), three were against (Australia, France, United Kingdom), and there were three abstentions (Colombia, the Netherlands, United States).

2. The motion to postpone consideration of the Cyprus question at this time, which might have squeezed through the General Committee yesterday afternoon, was abandoned and never presented this morning because the Greeks, as soon as they realized they had a majority behind them, naturally refused to accept a postponement. The unexpectedly large vote in support of inscription was due to the fact that the Arabs, and probably Iceland and some of the Latins, had instructions to abstain if the vote was going to be close but otherwise to support inscription. Although Van Kleffens abstained in the General Committee as its Chairman, the Netherlands will oppose inscription in plenary.

3. Although both sides of the case were well and forcefully presented, the statement of the United Kingdom's position by Selwyn Lloyd was outstanding. Virtually conceding that the Greeks had a good case on legal grounds, based on the largely accepted interpretation of the Charter, Lloyd treated the inscription issue as "a test of the political wisdom" of the General Assembly, maintaining that the function of the United Nations was to diminish tension not to increase it. He spoke feelingly of Anglo-Greek ties of friendship and, although he touched on the strategic argument, asserted plainly that the goal of the United Kingdom Government for Cyprus was self-government. Without going into specific examples he reminded the General Committee that almost every country has foreign ethnic groups within its frontiers and the inscription of Cyprus would create a precedent which could be used and abused indefinitely with most unsettling effects. It was all very well, he said, to maintain that discussion was not intervention, but in his case the Greeks were plainly asking in their memorandum for United Nations action, not merely discussion.

4. Kyrou presented the Greek case basing himself on the Charter, on United Kingdom promises in both world wars regarding the future of Cyprus, and on the principle of self-determination of peoples.

126.

DEA/50141-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 40

New York, September 24, 1954

CONFIDENTIAL

Reference: Our telegram No. 39 of September 24.†
Repeat Washington No. 11.

CYPRUS

Having heard that the Scandinavian and Canadian delegations intended to oppose inscription, the United Kingdom Delegation persuaded Jamali of Iraq to propose, under Rule 76, the adjournment of the Assembly's consideration of the inscription of Cyprus for a few days. Jamali's proposal was strongly opposed by Kyrou of Greece and was lost on a tie vote (24-24-12) in which the United Kingdom no doubt regretted that they had scrupulously abstained.

2. Lloyd then developed the same arguments he had used in the General Committee, stressing particularly (chiefly for the benefit of the Latins) that the precedent would be dangerous for any country having minority ethnic groups within its territory or whose frontiers had been fixed by treaty agreement, for Greece had accepted the status of Cyprus under the Treaty of Lausanne.

3. Lange of Norway also spoke strongly against inscription for reasons similar to our own.

4. Stephanopoulos then presented the Greek case with less clarity and effect than Kyrou had achieved in the General Committee. Nevertheless the vote went in his favour 30-19 (Australia, Belgium, Canada, Chile, Colombia, Denmark, Dominican Republic, France, Liberia, Luxembourg, Netherlands, New Zealand, Norway, Paraguay, Peru, Sweden, Turkey, Union of South Africa, United Kingdom) with 11 abstentions (Argentina, Bolivia, Brazil, Ethiopia, India, Iran, Iraq, Pakistan, Panama, United States, Venezuela).

5. In explanation of vote Krishna Menon explained that he would abstain because the question at issue was not really the liberation of a colonial people but the transfer of sovereignty from one power to another.

6. In the light of the vote, Greece cannot claim moral victory although her item has been inscribed. It is unlikely, however, that the postponement which was so nearly achieved would have given the United Kingdom Government time to affect the votes of enough countries to make a difference in the outcome.

DEA/50141-40

127.

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 43 New York, September 25, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Our telegram No. 39 of September 24.†
Repeat Washington No. 13.

CYPRUS

1. As Dr. MacKay was informed by telephone, I decided shortly before the plenary session met yesterday to consider the general committee's report on the agenda that, on balance I should vote against the inclusion of the Cyprus item rather than abstain. It was not an easy decision. It was taken on the basis of the assumption that our vote on inscription so far as the Cyprus issue was concerned should be based upon consideration of two main elements:

(a) Our view of the Assembly's competence to consider the Cyprus question having particular regard to Article 2(7);

(b) Our view of the wisdom of a discussion of Cyprus in the United Nations at the present time.

2. With regard to (a) and having in mind our traditional attitude in related matters, I had come to the conclusion that this item could not be opposed on legal grounds of competence. In previous years, however, we had indicated that in matters of inscription our judgment as to the value and effect of a particular decision must be applied as well as purely legal criteria. It was therefore after balancing the considerations in this second category that I came down against the inscription of the Cyprus item.

3. The following factors seemed to me to tip the scales:

(a) The United Kingdom delegation had made an extremely effective case brilliantly presented by Selwyn Lloyd.

(b) They had won the support of all our closest Western friends except the United States and Iceland. A number of other governments including India and Pakistan and five Latin American states which normally would not have opposed inscription on colonial issues shifted their position to one of abstention.

(c) Up to the last moment the voting situation remained so fluid and uncertain and was the subject of such conflicting reports, that it was just possible that our vote might have had some direct influence in the result.

(d) I had warned in the Tunisian debate in 1952 of the danger of putting items on the agenda indiscriminately; Mr. Pearson made the same point with considerable emphasis in his opening statement in the plenary session.

(e) The form and language of the Greek item do not merely call for a general discussion of Cyprus but refer to "*application* under United Nations auspices of the principle of equal rights and self-determination". Presumably this would involve action by a United Nations plebiscite, which in our view would most certainly have prejudged the issue and set the Assembly from the outset on the path towards intervention.

4. On balance, therefore, I felt justified, in accordance with the general Cabinet decision on this matter and the specific instructions in the departmental memorandum of September 16, in deciding that on this issue and at this time, a vote against inscription should be cast.

5. In the case of the West New Guinea item on which we abstained in the matter of inscription, there were two main considerations which prompted this stand. In the first place I understand that Mr. Pearson had informed the Indonesian Ambassador in Ottawa that we would not oppose inclusion of this item, and that this position had also been communicated to the Netherlands Government. In the second place, the fact that Indonesia was itself a product of United Nations effort and that organs of the United Nations are still technically seized of aspects of the Indonesian settlement provided a basis for distinguishing this case from the Cyprus issue.

128. DEA/50141-40

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

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

SECRET [Ottawa], October 18, 1954

CYPRUS

According to United Kingdom sources the Greek Delegation has been trying to sell a "benign" resolution calling for confidential talks, either between the United Kingdom and Greece or to include them and Turkey, about the future status of Cyprus. The Greeks have approached the Turks on the proposed resolution but the latter have rejected it in either form. The United Kingdom is opposed to any substantive resolution by the Assembly and would regard a "benign" resolution, as proposed by the Greeks, as in some ways worse than the original Greek proposal for a United Nations plebiscite in Cyprus. Such a resolution would tend to obscure the United Kingdom contention that the passing of any resolution by the Assembly, except one to close the debate, would constitute an intervention by the United Nations in the domestic affairs of the United Kingdom and would recognize the standing of Greece as a party to a dispute with the United Kingdom about Cyprus. Moreover, since the Greeks have made it clear that they are prepared to negotiate only on the basis of the United Kingdom's eventual relinquishment of sovereignty, an Assembly resolution calling for diplomatic talks, far from being a neutral move, would endorse the Greek case. A related United Kingdom objection is that the

Greek proposal would have the effect of retaining the item on the agenda for a subsequent session, an outcome which the United Kingdom is anxious to avoid.

2. The United Kingdom has asked for Canadian support to have the Cyprus debate disposed of in a summary manner, that is, to have the Assembly approve a procedural motion not to discuss the item or to close the debate. The objective is to forestall a discussion of the merits and to remove the possibility of a substantive resolution. The United Kingdom hopes by this means to kill the Cyprus item once and for all. The attached copy of a letter from Earnscliffe, dated October 12, 1954, contains the request for assistance, although it lacks clarity as to the exact procedure the United Kingdom proposes to adopt. The letter points out that Canada's opposition to the inscription of the Cyprus item has clearly carried great weight in the Assembly and that in the United Kingdom view it would powerfully assist the attempt to get the Cyprus item disposed of summarily, if Canada would find it possible to approach suitable governments for their support. The United Kingdom authorities have suggested Argentina, Brazil, Mexico, Pakistan, Venezuela and Yugoslavia as the most effective countries to be approached. The Norwegian Government was also to be asked to assist in this way, although it is not clear whether the Norwegians were to approach the same group of governments or a different one.

3. The Delegation at New York has been consulted about this United Kingdom request. Mr. Martin has expressed the view that we should do nothing further about Cyprus, at least for the present.[7] He considers that the question will not be raised again until the end of the session. From his conversations with Mr. Selwyn Lloyd, moreover, Mr. Martin believes that the United Kingdom Government's primary concern at the moment is its political position at home. I find myself largely in agreement with Mr. Martin and I understand that you hold similar views.

4. The following assessment supports the conclusion that a negative reply be given to the United Kingdom request:

(a) The United Kingdom attempt to have the Cyprus item disposed of summarily will probably fail. It is clear that before the vote on the inscription issue the responsible governments represented at the Assembly gave careful consideration to the position which they should adopt. It is unlikely that many would change that position. Even if all the abstentions voted against Greece, a most improbable event, the vote would be a tie. The United Kingdom must hope, therefore, for a weakening among the members which voted in favour of inscription. The United Kingdom could succeed only if the members voting against inscription stood firm and picked up some support from the abstentions and perhaps from among those voting in favour of inscription, or if there were substantial abstentions from among the last mentioned group.

(b) Without active canvassing by the United States in favour of the United Kingdom, the United Kingdom move to dispose of the item stands little chance of success. As is usually the case in close voting at the Assembly, the desired results can

[7] Note marginale :/Marginal note:
I agree L.B. Pearson

be achieved only by obtaining the bulk of the Latin American votes. It is unlikely that Canada or Norway exerts sufficient influence to accomplish this end.

(c) Of the countries we have been asked to approach, we might succeed in persuading Brazil and Pakistan to vote in favour of a motion not to discuss or to close the debate. It is doubtful whether we would persuade any of the others, particularly Yugoslavia which probably has no desire to shake the Balkan Alliance, already weakened by the split between Greece and Turkey.

(d) We must not overlook our relations with Greece. The Canadian Ambassador in Athens has reported that towards the Commonwealth members the Greek attitude on the voting on the inscription issue has been less reproachful than dejected, the disposition being to attribute the stand of the Commonwealth countries to "loyalty to their partner" rather than to pressure and intrigue by the United Kingdom. This absence of hostility is no doubt due in part to the fact that Greece succeeded in having the Cyprus item inscribed on the agenda. If we were to campaign actively in favour of a United Kingdom motion to dispose of the item summarily and regardless of whether the move succeeded, the Greeks might conclude that we had carried our "loyalty" in one partner too far at the expense of loyalties within NATO.

(e) As you know, our decision to vote against inscription of the Cyprus item was reached only after we had carefully weighed the implications of the present Greek appeal against our past attitude toward the Assembly's right to discuss, in particular colonial issues. We concluded that the Greek appeal in its present form implied an intervention in the domestic affairs of the United Kingdom which the Charter clearly prohibits and that, moreover, a debate by the Assembly was likely to do much harm with benefit to none but the communists. Notwithstanding these conclusions, we considered that our vote against inscription represented a marked departure from our earlier attitude toward the Assembly's right to discuss. To canvass actively for a further move to block discussion, after the Assembly has voted to inscribe the item, would be to move too far from our past policy and might be difficult to justify.

5. The arguments in favour of giving additional support to the United Kingdom are also strong:

(a) Consistent with our belief that the present Greek appeal implies an intervention by the Assembly in the domestic affairs of the United Kingdom and that, in any event, the debate will result in nothing but harm, we should be prepared to support any move to eliminate further discussion, particularly discussions of substance.

(b) Already most unfortunate irritation has been generated by the Cyprus discussion. The strained relations between Greece and Turkey have been a source of considerable anxiety in Athens. The reaction in Turkey bodes ill for the Balkan Alliance. The friction between the United Kingdom and Greece has increased. The disappointment in Greece about "uncertain friends", particularly the United States, is not helpful.

(c) According to a report from Mr. MacDermot, under the surface reaction of victory flows an uncertain and unpredictable current of dissension in Greece about the Government's handling of the Cyprus affair. Opposition to the union of Cyprus

with Greece exists among a small but important section of the business community and is being reflected at Cabinet level. The conclusion is that although the Cyprus exercise has won recognition at home and abroad for the Papagos Government, it has created difficulties which may be more far-reaching than they appear. These undesirable effects are not likely to be decreased if the Cyprus item is proceeded with. Accordingly, although the Greek Government cannot take the initiative in moving to dispose summarily of the Cyprus item, the Greek authorities might not be too upset if the matter did subside without further repercussions.

6. The balance of argument suggests the following:

(a) Although we need not yet decide, we should be prepared to consider a vote in favour of any United Kingdom motion not to discuss, or to close the debate.[8]

(b) We should, however, inform the United Kingdom, in reply to its request for assistance, that in our view the attempt to have the Cyprus item disposed of summarily will not succeed, with or without our help, that in the light of all the circumstances we can see little advantage in our canvassing for support.[9] We suggest that our reply should be made informally to Earnscliffe along the lines of the attached draft Aide-Mémoire† which, however, would not be given to them, unless they specifically ask for a written reply. We would at the same time assure the United Kingdom authorities of our desire to help them as much as we can in the debate itself.

(c) We should continue to consult with friendly delegations about the next phase of the Assembly discussion in the hope that some other formula for minimizing the harmful effects of the debate will emerge before the closing days of the session. By that time presumably the United States Government will not be preoccupied with domestic elections and will be in a position to assess its position on Cyprus; we suspect that the Turkish reaction may be causing anxiety in Washington.

7. I shall be glad to know whether you agree with the suggested course of action.[10]

J[ULES] L[ÉGER]

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[8] Note marginale :/Marginal note:
Yes [L.B. Pearson]

[9] Note marginale :/Marginal note:
Yes—see my note† on conversation with Lord Swinton today. L.B. Pearson

[10] Note marginale :/Marginal note:
Yes L.B. P[earson]

129. DEA/50141-40

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

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

TELEGRAM 1583 Ottawa, October 15, 1954

CONFIDENTIAL

Reference: Your Telegram No. 1293 of October 13.†
Repeat Washington EX-1883; Candel New York No. 141.

CYPRUS

On October 7 Earnscliffe informally left with the Department a memorandum requesting Canadian assistance to organize support for a United Kingdom suggestion "that the (Cyprus) item be disposed of in a summary manner". The United Kingdom objective was stated to be "to avoid any substantive resolution and so far as possible any debate". We assumed that this approach related to the course of action, outlined in sub-para. (a) or para. 2 of your Telegram No. 1258 of October 5† and presented as an alternative to course (b) of the same paragraph.[11] The United Kingdom memorandum suggested that we might wish to canvass states, to include Argentina, Brazil, Mexico, Pakistan, Venezuela and Yugoslavia, which had either voted in favour of inscription or abstained. A similar request for assistance was to be made to the Norwegian Government.

2. When we received your Telegram No. 1270 of October 8† stating that the Colonial Office had decided to abandon the attempt to kill the item outright in the early stages of the Political Committee's proceedings, we assumed that the United Kingdom authorities, having decided that course (a) mentioned in your Telegram No. 1258 would be unlikely to succeed, were falling back on the alternative course (b). We believe that ours was a reasonable interpretation of those two telegrams together. We relayed this information informally to Earnscliffe and assumed that we would not be pressed concerning the request for assistance.

3. However, on October 12 Earnscliffe sent us a letter formally requesting our assistance in substantially the same terms as the informal approach of October 7. Until we received your Telegram No. 1293 of October 13 we continued to believe that the United Kingdom authorities were merely slow in making the Colonial

[11] Le texte du paragraphe se lit comme suit:/The text of the paragraph reads as follows:
(a) If they think there is a fair prospect of killing the Cyprus item outright (i.e. by putting through a motion "not to discuss" or to close debate under Rule 118 before any substantive discussion has taken place), they should work to have it taken early in the committee's agenda in the hope of getting it disposed of within the next two weeks;
(b) If (a) seems unlikely to work, the delegation should seek to have the item placed at the bottom of the agenda, by which stage parliament in London may be less excitable, the assembly may have less time on its hands, and, with the Congressional elections over, active American support will more likely be forthcoming.

Office change of tactics known to the United Kingdom High Commissioner in Ottawa. We had therefore made no reply to the approach from Earnscliffe and are now considering what form it should take.

4. For your own information, even before receiving the Telegram No. 1270 we had tentatively reached the conclusion not to give assistance in the manner suggested. We fully appreciate the concern of the United Kingdom Government about a "benign" resolution and about striking the Cyprus item from the Assembly agenda once and for all. However we considered it extremely unlikely that sufficient support could be mustered for the proposed United Kingdom move, which we understand still to be a motion not to discuss or a motion to close debate to be made at a later stage in the session. Most of the member governments, having given careful consideration to the Cyprus question before taking a stand on the inscription issue, would be unlikely to change their attitude if any new effort were made to eliminate a debate on the subject. Moreover, a canvass by a Commonwealth partner might prove more of a hindrance than a help to the United Kingdom. These negative conclusions were reached notwithstanding our previous position on the inscription issue and the possibility that we might give further support to the United Kingdom if the motion not to discuss or to close debate were voted upon.

5. Accordingly we now find ourselves in the position of having to give a negative reply to Earnscliffe's letter of October 12. We should like to avoid a formal reply. Our present inclination is to express our views informally and as tactfully as possible through Earnscliffe to the United Kingdom authorities, at the same time suggesting that, as the threatened debate draws nearer and in consultation with the United Kingdom and possibly other delegations, we may be able to devise some other formula for minimizing the harm likely to result from the debate.

130. DEA/50141-40

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

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

TELEGRAM 1636 Ottawa, October 20, 1954

SECRET. IMPORTANT.

Reference: Your telegram No. 1311 of October 18, 1954.†
Repeat Washington EX-1926; Candel New York No. 167.

CYPRUS

On October 18 Lord Swinton informally discussed this matter with Mr. Pearson who pointed out to him that we had gone pretty far in voting against the inclusion of the item on the agenda and that it would be difficult for us to lobby other Delegations as requested. He was told that we appreciated the strength of the United Kingdom case; and the Minister thought we would be able to support the United

Kingdom Delegation in the vote on any resolution. The Minister suggested that, in addition, in informal discussions at New York we might be helpful to the United Kingdom in underlining the danger to the United Nations if the Greek contention were accepted.

2. On October 20 we gave the United Kingdom Deputy High Commissioner informally a negative reply to the United Kingdom request that we approach suitable governments to support the United Kingdom efforts to have the Cyprus item disposed of summarily. We advanced the reasons outlined in paragraph 3 of my telegram No. 1583 of October 15 and also stated that for Canada to canvass actively for a further effort to forestall discussion after the General Assembly had decided to place the item on the agenda, would be to move too far from past Canadian policy at the United Nations. We added, however, that our reply should not be taken to mean that we did not share the United Kingdom's desire to see the Cyprus item disposed of quickly and decisively; nor did it mean that we might not participate in some alternative proposal for minimizing the harm likely to result when the item comes before the First Committee.

3. Pritchard expressed some disappointment with our reply and said he had hoped, after our vote against inscription, that we could find it possible to support the United Kingdom in the way requested. We reviewed briefly the difficulties we had faced in reaching the decision on the inscription issue and expressed again our regret that we could not in the circumstances follow up with a formal canvass in favour of the United Kingdom position. Pritchard argued that Swinton had been left with the impression that the Minister did not dismiss completely the idea that we might be helpful in New York in canvassing support. To make the record clear we reiterated to Pritchard what Mr. Pearson had told Swinton.

131.

DEA/50141-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures[12]

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs[12]

SECRET

[Ottawa], November 30, 1954

CYPRUS

On November 26 Mr. J.J.B. Hunt of the Earnscliffe staff left with Mr. Ford a copy of C.R.O. Circular Telegram Y 513 of November 24, 1954 on Cyprus. This telegram confirmed information we had received from the Canadian Delegation in New York that the United Kingdom had abandoned the idea of avoiding the Cyprus issue simply by having it placed low on the agenda of the Political Committee. On November 24 Mr. Nutting emphasized to a meeting of Commonwealth Delegations that the United Kingdom would like the debate on Cyprus to be held at this session,

[12] Note marginale :/Marginal note:
Minister took original [of this memorandum] to New York. G. M[urray]

that a postponement would have an undesirable effect in Cyprus and that the defeat of any resolution proposed by Greece would be the result preferred by the United Kingdom. Accordingly, the United Kingdom has discarded its earlier plan to introduce a motion to postpone the discussion or not to discuss the Cyprus item at all. The United Kingdom aim now is to concentrate on defeating the passing of any resolution whatsoever.

2. The United Kingdom Delegation has been instructed to continue to lobby vigorously against any resolution, making it clear that the United Kingdom Government (a) denies the right of the United Nations to interfere in matters of essential domestic jurisdiction; (b) will not be represented at any discussion of such matters; (c) will ignore any resolution passed; and (d) does not wish its friends to initiate or support any softening of the terms of the original Greek item, because a "benign" resolution might obscure the illegality and undesirability of any United Nations intervention. The United Kingdom authorities are considering what further action is necessary, consistent with the foregoing, to ensure that the United Kingdom case is brought prominently to the attention of other Delegations during the actual debate.

3. In handing us the circular telegram Mr. Hunt had been instructed to ask informally for our support. In accordance with his instructions, he added in confidence that the United States had given the United Kingdom a confidential undertaking that it would actively oppose the passing of any resolution and would do all possible to keep any discussion to an absolute minimum. The United Kingdom Government hopes, according to Mr. Hunt, that Canada will find it possible to do no less than the United States has undertaken to do. The United States attitude is, I think, an important factor we must keep in mind. It would be difficult for us to take a stand that offered less support to the United Kingdom than that of the United States. The United Kingdom authorities would like to know, if possible, our reactions to the policy they have decided to adopt and the position we ourselves might adopt if such a policy were pursued at the General Assembly.

4. The Canadian Delegation has reported that the Greek Delegation are considering a draft resolution which will *not* recommend negotiations (an earlier "benign" resolution which the Greeks had in mind would have recommended diplomatic discussions by the parties concerned) but will now seek Assembly recognition of the principle of equal rights and self-determination of peoples as applied, under United Nations auspices, in the case of the population of Cyprus. Not having the exact text it is not easy to assess this Greek proposal. However, if it is made to appear merely as a re-statement of one of the purposes of the United Nations (Article 1(2) of the Charter), placed in the context of the Cyprus issue, the resolution might be difficult to defeat, even by applying the two-thirds majority rule, because some delegations which voted against inscription for reasons not related to the competence issue might find it hard to oppose a draft resolution which was superficially innocuous.

5. No matter how the Greek draft resolution is worded, it will probably be designed as a foundation upon which subsequent applications to the United Nations can be based, if the Greek Government decides to reintroduce the Cyprus item at a future session. However innocuous the resolution may appear on its face, it is

assumed that the underlying aim of Greece is to effect, perhaps not at this session but as an ultimate result, a change of sovereignty in respect of Cyprus. During the course of the recent discussions at the United Nations and the lobbying behind the scenes there and in the various capitals concerned, the fundamental aim *to change sovereignty* through action by the United Nations has emerged as the most significant element in the Cyprus issue and as the factor which tends to distinguish it from all similar issues, such as the questions of Tunisia, Morocco and even West New Guinea. The emotional appeal of the Greek arguments is strong but it should not be permitted to obscure the issue of sovereignty.

6. It is not surprising that the colonial and administering powers, in particular, should resist in the United Nations efforts to advance the notion that one member could bring about a change of sovereignty in the territorial possessions of another merely by raising the principle of self-determination. The objection to that notion is one that all states should weigh carefully. In addition to its inherent dangers, the notion is not supported by any text in the Charter. The Charter defines one of the purposes of the United Nations as the development of friendly relations "based on respect for the principle of equal rights and self-determination of peoples"; and provides that the General Assembly shall initiate studies "assisting in the realization of human rights and fundamental freedoms" and that the United Nations, with a view to the creation of conditions of stability which are necessary for friendly relations "based on respect for the principle of equal rights and self-determination" shall promote universal respect for and observance of human rights; but the Charter does not *create* a right to self-determination which many spokesmen from the anti-colonial countries seem to assume is contained in it.

7. Of particular relevance in this connection are the Charter provisions concerning non-self-governing territories (Article 73-74) and the international trusteeship system (Articles 75 and following). In both cases the administering powers recognize their obligation to develop self-government within the territories concerned. There is no mention of any obligation to grant independence or, in other words, to allow the free exercise of the principle of self-determination. It is true that the anti-colonial powers, in keeping with their view that the General Assembly represents the conscience of mankind, have persistently tried to endow it with powers to free dependent peoples. In the absence of a supplementary international agreement, however, such power cannot be held to exist under the Charter.

8. Notwithstanding their validity, the arguments in the preceding paragraphs are unlikely to attract wide support at the General Assembly. There is no denying the colonial flavour of the Cyprus issue. Like other issues of its kind, the Cyprus question will be assessed not on legal grounds but in accordance with the political aims of the various voting blocs in the General Assembly. The communist countries and the consistently anti-colonial states of Asia, Africa and Latin America can be expected to support the Greek contentions. The usual line-up of votes on colonial issues has, however, been disturbed (a) because of the Commonwealth connection and (b) because of the attitude of Turkey. Although the Turks were late in starting, they have since the inscription of the Cyprus item been lobbying energetically against Greece. They too will oppose any resolution on Cyprus. There is some reason for believing that the Turkish lobbying may have changed the attitude of some

of the states which either voted in favour of inscription or abstained on that issue. Another significant factor is the attitude of the United States. It would be interesting to know whether the United Kingdom authorities have correctly interpreted the "confidential undertaking" that the United States will actively oppose the passing of any resolution.[13] If the United States uses its influence in this way and if the Turks have managed to collect their own supporters, in addition to those of the United Kingdom, there may well be a defeat of any resolution proposed by Greece.

9. It is not easy to foresee what the effect might be of a Greek failure to have a resolution on Cyprus passed at the present session. After the first flush of victory about the vote on the inscription issue the Greeks took a look around at their bedfellows and were somewhat shaken to find none of their NATO partners were present. The strain which the Cyprus issue has placed on the Balkan Alliance has been another cause for concern. On his recent trip to Spain and Portugal, although the opportunities for propaganda were available, Marshal Papagos was very reserved in his comment about Cyprus. The Greek Gover [Approximately four lines of text are missing from the only located copy of this memorandum.] possible, if the United Kingdom would only say that at some time it would be prepared to talk about the status of Cyprus with the Greek Government. If the outcome goes against Greece presumably the Government will be able to say that it tried and failed; that it was defeated by Great Power politics. This will be better than nothing but it may lose Marshal Papagos some prestige, at a time when he is losing supporters owing to a Cabinet shuffle.

Recommendations

10. Unless we decide on general political grounds to support the United Kingdom by opposing whatever resolution the Greeks put forward, we shall probably have to await the text of the draft resolution before making a final decision. If the Greek resolution is to be anything like the one discussed in paragraphs 4 and 5, we shall have to consider carefully whether we should oppose it, if for no other reason than to ensure that no precedent or foundation is provided for subsequent efforts to self-determine territory from one state to another. Having voted against the inscription of the present Greek item, largely for political reasons, I think it would be inconsistent if we did not vote against the substance of the question, when raised in Committee, if we still believe that United Nations approval of the resolution would amount to interference in the internal affairs of Cyprus and would have a deplorable effect on the situation there. In reply to the United Kingdom approach of November 26, I recommend that we tell Earnscliffe that we cannot give a firm commitment at this stage to vote against *any* Greek resolution but that our present inclination is to do so for the reasons outlined in this memorandum.[14]

11. As a procedural matter leading to the final vote, the United Kingdom Delegation may resort to the two-thirds majority rule. In doing so they would have to make the case that the Cyprus item involved important questions for the United

[13] Note marginale :/Marginal note:
Minister's comment: We should make our own enquiries about this. G. M[urray]
[14] Note marginale :/Marginal note:
Minister's comment: Agree [G. Murray]

Nations. In view of the sovereignty issue and the domestic jurisdiction clause, this should not prove too difficult *in theory* but if the delegations which supported Greece on inscription stand fast for tactical reasons, the United Kingdom would not succeed. I suggest that the Canadian Delegation could probably support the United Kingdom in a move of that kind, since there are undoubtedly important issues involved.[15]

J[ULES] L[ÉGER]

132. DEA/50141-40

La délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly to Secretary of State for External Affairs

TELEGRAM 699 New York, November 30, 1954

CONFIDENTIAL

Repeat Washington No. 127; London No. 11.

CYPRUS

Following is the text of the draft Greek resolution on Cyprus, which Kyrou handed to me this morning with the remark that it was a resolution "more than moderate to which no one could object".

"*The General Assembly,*

Having examined the item for the application, under the auspices of the United Nations, of the principle of equal rights and self-determination of peoples in the case of the population of the Island of Cyprus,

Mindful that one of the purposes of the United Nations, as set forth in Article 1 of the charter, is "to develop friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples",

Recalling that, by Resolution 637 A (VII) of 16 December 1952, it had been recommended that "the states members of the United Nations shall recognize and promote the realization of the right of self-determination of the peoples of non-self-governing and trust territories who are under their administration and shall facilitate the exercise of this right by the people of such territories according to the principles and spirit of the charter of the United Nations in regard to each territory and to the freely expressed wishes of the peoples concerned, the wishes of the people being ascertained through plebiscites or other recognized democratic means, preferably under the auspices of the United Nations",

[15] Note marginale :/Marginal note:
Minister's comment: Yes [G. Murray]

Taking into Account the maturity and fitness of the population of Cyprus to determine for themselves their future status,

Express the Wish that the principle of self-determination be applied, under the auspices of the United Nations in the case of the population of the Island of Cyprus."

DEA/50141-40

133.

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

High Commission in United Kingdom
to Secretary of State for External Affairs

TELEGRAM 1494 London, December 2, 1954

CONFIDENTIAL

Reference: Our telegram No. 1468 of November 26,† and CRO telegram Y No. 533 of December 1.

CYPRUS

I expect you will have heard from Earnscliffe that, consequent on the tabling of the Greek draft resolution on Cyprus, the United Kingdom authorities on strong American advice, have reconsidered their earlier decision to work for the defeat of any resolution whatever on this item. The Greek resolution is so mildly and seductively worded that officials here have virtually abandoned hope that it can be defeated. Accordingly with the object of preventing it from being put to vote, the United Kingdom delegation in New York has been given discretion to work for one or other of the following alternatives:

(a) A procedural resolution "not to discuss" the item; or in the last resort

(b) A move to crowd the item off this year's agenda.

2. Alternative (b) above would appear in effect to mean postponing the item until the next session. The United Kingdom authorities do not like this prospect but if postponement is unavoidable they would prefer to have it on their own terms rather than as part of a Greek resolution containing an unacceptable provision regarding self-determination. It may be significant in this connection that in discussing the advantages of the various possible alternatives, Lodge is reported to have hinted to the United Kingdom delegation in New York that in the event of the item being postponed, the United States would consider the possibility of persuading the Greeks to drop it altogether before the next session. This indication of possible American intentions should be treated cautiously as we are unable to confirm the exact terms in which Lodge spoke.

134. DEA/50141-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 382 Ottawa, December 7, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Our Telegram No. 522 of Dec. 3, 1954† to Permdel; Telegram No. 1494 of Dec. 2, 1954 from Canada House repeated to you.
Repeat London No. 1865; Washington EX-2248; Ankara Air No. 4; Athens Air No. 3.

CYPRUS

You are no doubt somewhat bewildered, as we are, about the many shifts in United Kingdom tactics on the Cyprus item. The most recent United Kingdom decision not to work for the defeat of any resolution whatever but to return to the earlier alternatives (mentioned in Canada House Telegram No. 1494 of December 2) was not passed to us by Earnscliffe and as a result we had based our thinking on their request of November 26 for our support. When questioned unofficially about this Pritchard of Earnscliffe said they had suppressed C.R.O. Telegram No. 533 because it seemed to contradict so flagrantly their previous stand. We are not quite sure where matters stand at the moment but assume that you will be consulting closely with the United Kingdom Delegation.

2. We are wondering what prompted the United States to advise the United Kingdom to reconsider their decision to work for the defeat of any resolution on the Cyprus item. In our telegram under reference we have stated our views on the Greek draft resolution (your Telegram No. 699 of November 30) which however mildly worded has grave implications for the United Nations. In our view it would have been desirable to defeat the Greek attempt to win recognition for its contentions concerning the self-determination of Cyprus, not only because of the consequences as regards the Cyprus issue but because of the unfortunate precedent which would be established. Moreover, in view of our earlier attitude towards self-determination, as expressed in our vote against resolution 637 A(VII) of December 16,

1952,[16] it would not have been too difficult for us to vote against the present Greek draft.

3. We have never been happy about the United Kingdom proposal to introduce a "motion not to discuss" the item. Procedural niceties apart, we cannot view such a motion as being anything but a second attempt to choke off discussion. For many delegations the voting on the motion not to discuss would merely be a repetition of the voting on the inscription issue. The United Kingdom would probably suffer another defeat.

4. The move to crowd the item off this year's agenda is perhaps even less satisfactory. We are not sure how this aim would be accomplished but we assume that some delegation might move that because the agenda was too long, a specific item or items should be dropped. It might not be easy for us to associate ourselves with such a move. Furthermore, as the United Kingdom authorities are fully aware, this alternative would amount to little more than the postponement of the item until next session. In our view such a postponement would be perhaps less palatable than an Assembly endorsement of the Greek draft resolution.

5. Referring to our Telegram No. 741 of December 2,† although we do not place too much reliance on the Greek Delegation's unofficial hope concerning Cyprus and future Assembly agenda, if the Greeks are not keen to press the matter beyond the present session, it might not matter too much if their draft resolution were to be accepted by the majority of the Assembly, over the firm opposition of a substantial number of delegations which would no doubt include many of Greece's NATO partners. We are somewhat surprised that the Greeks should have admitted, even privately, that the Cyprus item had been merely an experiment at the present session. It is doubtful whether the advantages which will accrue to the Papagos Government from this action will outweigh the mischief which has been done by the raising of the matter at the General Assembly.

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[16] Cette résolution engage les membres des Nations Unies à maintenir et à promouvoir le principe de l'autodétermination pour les territoires non autonomes ou sous tutelle. Voir Nations Unies, *Résolutions*, adoptées par l'Assemblée générale à sa septième session pendant la période du 14 octobre au 21 décembre 1952, Assemblée générale, Documents officiels : septième session, supplément N° 20 (A/2361), New York, pp. 25-26.
This resolution urged members of the United Nations to uphold and promote the principle of self-determination for non-self-governing and trust territories. See United Nations, *Resolutions* adopted by the General Assembly at its Seventh Session during the period from 14 October to 21 December 1952, General Assembly, Official Records: Seventh Session, Supplement No. 20 (A/2361), New York, p. 26.

135. DEA/50141-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 424 Ottawa, December 13, 1954

SECRET. IMPORTANT.

Repeat Washington EX-2306; London No. 1917; Ankara Air No. 5; Athens Air No. 4.

CYPRUS

For the present we are directing our attention to two courses of action which are likely to come into play successively in the expected debate on Cyprus. They relate to:

(a) The so-called "motion not to discuss" which will be a procedural measure introduced by one or more of the United Kingdom's friends (telegram from Canada House suggests Pakistan or Denmark) and designed to choke off the debate on the Cyprus item; and

(b) The Greek draft resolution which was contained in your Telegram No. 699 of November 30.

2. Regarding (a), while we are still to be persuaded that this procedural move is wise or that it will succeed, we are prepared to accept the United Kingdom assessment that several delegations may have shifted their position from that taken on the inscription issue and that, if there should be a large number of abstentions, the voting on the procedural motion might go in favour of the United Kingdom. This result is more likely to be obtained if the United States does conduct a vigorous lobby for support, adding its influence to that of Turkey. It would be entirely consistent with our vote against inscription to vote in favour of a motion or a resolution to stop the debate, although we retain strong doubts that rule 114, which deals with points of order, provides the necessary basis for the procedure which the United Kingdom have in mind (your 852 of December 10).†

3. What is being attempted is to create a new rule of procedure applicable to the case of Cyprus. Even though we would not wish you to work actively to that end, you may wish to point out to the British that if the resolution fails to stop the debate at an early stage, a similar resolution could still be presented later on since it would be preferable that the debate conclude on such a resolution than on the Greek resolution. A decision to that end, however, would have to be based on the expectation that the Greek resolution would not carry.

4. As for (b) in paragraph 1, if notwithstanding the procedural motion, the substantive debate on Cyprus is proceeded with and is based upon the present Greek draft, the Canadian Delegation should be prepared to vote against the resolution, unless the circumstances now foreseen alter substantially. You are already aware of

our views on the Greek draft (Léger's memorandum for the Minister of November 30 and our telegram No. 522 of December 2† addressed to PERMDEL), and of our broad conclusion that on the Cyprus issue we could give no less support to the United Kingdom than that given by the United States.

5. The Delegation should not participate in the debate on substance and should confine its remarks if at all necessary to an explanation of the vote which might among other things:

(a) reiterate in effect the arguments you have already expressed on the inscription issue;

(b) restate the doubts we have voiced at earlier sessions concerning attempts to have formally recognized by the General Assembly the so-called "right" to self-determination when no such right is established by the Charter;

(c) express our regret that the raising of the issue at the Assembly has occasioned ill feeling between member states concerned with the status of Cyprus and had an unsettling effect in the area of Cyprus.

6. We have told Earnscliffe that we would vote with them but that we would not wish to intervene in the debate.

7. We hope these views will assist you in discussing this matter with friendly delegations, particularly at the Commonwealth meeting on December 13. We shall be grateful for reports on any changes in the present situation which you think might affect the views we have expressed in this telegram.

136. DEA/50141-40

La délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly to Secretary of State for External Affairs

TELEGRAM 879 New York, December 14, 1954

CONFIDENTIAL. IMPORTANT.

Repeat Washington No. 188; London No. 16.

CYPRUS

When Committee One met this morning it had before it the Greek resolution[17] which was tabled first and the New Zealand resolution providing that the item be not considered further (see my telegram No. 852 of December 10).† As soon as the Chairman had declared the debate open, Munro of New Zealand, who had agreed to carry the ball on behalf of the United Kingdom, asked to speak on a point of order.

[17] Cette résolution est la même que celle qui figure dans le document N° 132 modifié par la suppression des articles 3 et 4.
This resolution is the same as the one in Document 132 amended by the deletion of paragraphs 3 and 4.

He declared that his delegation had submitted its resolution because of its concern at the grave political consequences of a vote on the substance of the issue. He requested that his resolution be discussed and voted on before any discussion of the Greek resolution. He said, however, that he was not attempting to prevent a full expression of Greek views.

2. Kyrou of Greece declared that he was thoroughly opposed to any plan for not discussing the issue. The New Zealand resolution would require a two-thirds majority under Rule 124 because it in effect reversed a decision of the General Assembly which, by inscribing an item on the agenda, intended the item to be discussed.

3. As prearranged by the United Kingdom delegation, Turkey, Pakistan, United States, Denmark, Sweden, Brazil and the Philippines spoke in favour, during the course of a somewhat confused discussion, of the New Zealand motion for priority submitted in the following terms:

"That the draft resolution contained in Document A/C.1/L.125 do have priority in discussion and vote over the draft resolution contained in Document A/C.1/L.124."

The representative of El Salvador supported Kyrou in his contention that a two-thirds majority was required and the U.S.S.R. and Poland made statements objecting to the terms of both the New Zealand resolution and the motion for priority.

4. Throughout this confused and at times heated discussion, Urrutia was in a most uncomfortable position as chairman of the committee. He declared that Kyrou was correct in saying that if the item were not discussed Munro's resolution "not to consider further" would require a two-thirds majority. He allowed a number of statements to be made on the New Zealand proposal for priority until the Norwegian representative moved under Rule 118 that the debate be closed. This motion of closure was adopted by 45 votes in favour, none against and 12 abstentions (including Yugoslavia and some Arab-Asian and Latin delegations).

5. The New Zealand proposal for priority, (which Kyrou declared at this point was "absolutely out of order",) was then adopted by 28 in favour, 15 against and 16 abstentions. (We voted for the proposal.) The Chairman said that the priority resolution had carried and then stated that a two-thirds majority would be required for the main New Zealand proposal if no debate were held. Kyrou asked that the vote be taken at once on the New Zealand resolution but the Chairman declared that as the general debate on the New Zealand resolution had opened and as he had speakers on his list, the general debate would proceed.

6. Three strong statements were then delivered by Munro of New Zealand, Lodge of the United States and Nutting of the United Kingdom in support of the New Zealand resolution. All three statements stressed the strategic aspect of the problem. Nutting declared that his delegation would not deal with questions of sovereignty because those questions were not raised by the New Zealand resolution. He did ask, however, that all delegations "solemnly ponder" on the consequences of the assembly intervening on the Cyprus question.

7. The Chairman's ruling that a two-thirds majority would not be required for the New Zealand resolution if a general debate were held had not been fully understood by most delegations and in their statements, Lodge and Nutting reiterated their view that a two-thirds majority would not be required. Kyrou spoke briefly near the end of the morning meeting to emphasize that such a majority was needed. At the close of the meeting, the Chairman made it clear that because the general debate had begun, a two-thirds majority would not be required for the New Zealand resolution, since before the vote the committee would have given some consideration to the Cyprus question.

8. Kyrou mentioned in his last statement that he would make a lengthy speech this afternoon. During this morning's discussion he had argued that the New Zealand resolution was intended to gag him while Munro had repeatedly reassured him that there would be a full opportunity to make a substantive statement. If, immediately after the vote on closure and before the vote on priority, Kyrou had proclaimed that he would not take part in the debate if the New Zealand proposal were adopted, he might have succeeded in securing a number of the votes of those who abstained. He failed — or was prevented by the Chairman's decision that no interventions would be permitted at this stage — to make this announcement and thus missed the opportunity of striking the United Kingdom plan of action at its weakest point. With this opportunity gone, Kyrou's subsequent declaration of his intention of speaking in the general debate was undoubtedly based on the knowledge that the debate on the New Zealand resolution would probably give him his only chance at this session to put the Greek case on the record.

9. On the other hand, Hethereby abandoned his main justification for requesting that Article 124 be applied to the voting on the main New Zealand resolution. In any case, as Kyrou knows, the Greek delegation can argue in plenary that the New Zealand resolution (if adopted in committee) is an important question requiring a two-thirds majority. This is now the chief worry of the United Kingdom delegation who will say in plenary that the resolution is procedural, requiring only a simple majority.

137. DEA/50141-40

La délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly to Secretary of State for External Affairs

TELEGRAM 889 New York, December 15, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Our telegram No. 879 of December 14.
Repeat Washington No. 192.

CYPRUS

The United States delegation received instructions this morning that they should support the United Kingdom delegation's bid for a simple majority being required in plenary to secure the adoption of the New Zealand resolution (not to consider further the Cyprus question) in whatever [form] it emerges from the First Committee.

2. When we discussed this plan of campaign at a Commonwealth meeting this morning (before we knew the United States position), I said that, although I was without instructions, I thought we might have difficulty in supporting the United Kingdom on this procedural point. I did not recall any occasion on which the Canadian delegation had opposed the application of Rule 85 on major political questions even when only the procedure for dealing with them was involved. In the present case, the New Zealand resolution would presumably be the only action to be taken by the Assembly on the Cyprus question. Our disposition in the past had been to feel that an Assembly resolution on an important subject which did not secure a two-thirds majority did not commend sufficient support to make it worth very much. It seemed to me that the Assembly's rules in this respect differed from the Security Council's where there was a clear distinction between substantive and procedural questions for purposes of the veto. I also pointed out that the French were hoping to upset part of the Moroccan resolution (also a postponement resolution) if necessary by the application of the two-thirds rule.

3. Although Duplessis of South Africa agreed with my hesitation in voting for a simple majority decision when the Western group so often need to invoke the two-thirds rule themselves, Lall of India and Munro of New Zealand thought they would be able to support dealing with this question by simple majority.

4. Nutting said he thought the rules could be so interpreted as to justify taking a decision to postpone by a simple majority consideration of an item inscribed by simple majority. This was clearly the common sense solution, he said, since, if the New Zealand resolution was not adopted, the Greeks could commence in plenary a discussion of their own resolution and have it put to the vote which was precisely what the New Zealand resolution was intended to avoid. He appealed to me privately after the meeting on the basis that our vote might be crucial and that a procedural resolution which did not deal with the merits of the case could not really be called important although the question of Cyprus certainly was important.

5. In view of your general instructions that Canada should not give the United Kingdom less support than the United States was prepared to give, I take it that you will wish me to go along with the proposition that the New Zealand resolution requires only a simple majority in plenary despite our misgivings.

6. I expect this question will be decided in plenary on Friday, December 17.[18]

[18] Le 17 décembre 1954, la résolution de la Nouvelle-Zélande est adoptée en séance plénière par 50 voix en faveur (Canada), aucune contre et 8 abstentions.
On December 17, 1954, the New Zealand resolution was adopted in plenary with 50 votes in favour (Canada), none against and 8 abstentions.

SUBDIVISION III/SUB-SECTION III

DÉSARMEMENT
DISARMAMENT

138. DEA/50189-40

Note du sous-secrétaire d'État aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures[19]

Memorandum from Under-Secretary of State for External Affairs to Secretary of State for External Affairs[19]

SECRET [Ottawa], October 1, 1954

DISARMAMENT DISCUSSION AT NINTH SESSION OF THE GENERAL ASSEMBLY

The participation of the Canadian Government at the London meetings of the Sub-committee of the Disarmament Commission, held between May 13 and July 15, 1954, was based upon the following premises:

(i) Our interest is in achieving *substantial* disarmament, and not in catering to a false sense of security;

(ii) Effective measures in the disarmament field depend upon the establishment of a climate of international confidence and decreasing tension;

(iii) In considering the problems of disarmament the only certain method of eliminating atomic warfare is to eliminate war itself.

2. The Sub-committee discussions were marked by the introduction of important new proposals by the Governments of France and the United Kingdom. The principal points in these proposals, the details of which are given in Annex 9 of the attached report of the Sub-committee — DC/53 of June 22, 1954, were:

(i) A proposal to ban the use of nuclear weapons except in defence against aggression.

(ii) The division of the prohibition of nuclear weapons into three phases:

(a) The conditional ban on the use,

(b) The ban on manufacture to come into effect after half the agreed reductions in conventional armaments and armed forces has been completed,

(c) The total prohibition and elimination of nuclear weapons after the completion of the second half of the agreed reductions in conventional armaments and armed forces.

(iii) The phased introduction of the control organ.

(iv) The freeze on military expenditure and overall military manpower as soon as the control organ is able to enforce it.

(v) The completion of the agreed reductions of conventional armaments and armed forces in two phases.

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[19] Approuvé par L.B. Pearson le 7 octobre 1954/Approved by L.B. Pearson on October 7, 1954.

3. The United States Representatives expressed "their general support" of the above proposals which were "not inconsistent with basic United States concepts". They said, however, that they could not accept the interpretation placed on the proposals by M. Moch but that their general support applied to the proposals "as interpreted by Mr. Lloyd".

(a) M. Moch had indicated that he considered the ban on the use of atomic weapons except to meet aggression as a new proposal.

(b) Mr. Lloyd had said that there was nothing new in the obligation not to use atomic weapons except to meet aggression since that obligation was implicit in the Charter.

4. Specific United States objections to the Anglo-French proposals were:

(i) That the U.S. does not want even a conditional ban on the use of nuclear weapons separated from the comprehensive disarmament treaty.

(ii) The U.S. would not be satisfied with the loose type of inspection by "sampling" envisaged by M. Moch during the first stage.

(iii) The U.S. considers it would not be compatible with its national security to accept an 80% or 90% effective plan now but preferred to maintain its position that any control plan for "safe-guarded disarmament" must be "no less effective" than the majority plan for atomic energy.

(iv) The U.S. would be most reluctant to give complete data on its atomic production and plant capacities at the beginning of the second stage, before there had been a reduction of armed forces and conventional armaments.

5. The Soviet position included a significant concession, namely, that it no longer required a total unconditional prohibition of the use and manufacture of atomic weapons as a precondition of disarmament but indicated that it would be content with a prohibition on the *use* of such weapons. Apart from this, however, the Soviet position seemed to be what it had always been:

(a) A cut of one-third in the armaments and armed forces of the Five Great Powers;

(b) Simultaneous entry into force of effective international control of these arrangements.

6. The Russian proposals were unacceptable to the Western Powers if for no other reason than because the Soviet Representative refused to admit that the control organ should be given adequate powers or established and positioned before the entry into force of any agreed prohibition and reduction.

7. Reporting on the discussions in the Disarmament Sub-committee Mr. Robertson said, in a TOP SECRET despatch No. 1180, June 23,† that he thought:

"the Western Powers should be careful to avoid putting themselves in the position of making a series of unilateral concessions. Perhaps the chief lesson to be learned from the London talks is that the Soviet Government does not consider the present time opportune for serious negotiations and is still seeking to derive the last ounce of propaganda advantage from its latest 'Ban the Use of the Bomb' proposal. In these circumstances it is the line of least resistance to stand on a fixed position. This course of action can be justified by the undeniable fact that up to the present

time the question of disarmament has been treated largely as a propaganda exercise and that any agreement in this field is almost certainly unattainable. Although this line of reasoning is unassailable, if the cold war premise is accepted, it is just possible that it might not be true; and for this reason we cannot afford to give up too easily."

8. In view of the apparent stalemate, the Western Powers concerned felt it to be of primary importance for them to present a united front at the ninth session. Accordingly, the United Kingdom drafted a suggested resolution to be co-sponsored by itself, France, the United States and Canada. The text of this draft is given in telegram No. 767 of September 15, copy of which is attached. Subsequently, the United States prepared a draft (see attached telegram No. 78 of September 29) which, unlike the United Kingdom draft, made no mention of the Sub-committee discussions nor of the proposals put forward by the U.K. and France in those discussions. In an effort to retain some of the more positive and constructive tone of the U.K. draft, and in order not to lose the possible propaganda advantage of declaring willingness not to use atomic weapons except to meet aggression, a number of suggestions for amending the United States proposed draft were put forward in our telegram No. 76 of September 30, copy of which is attached.

9. The latest development (see telegrams Nos. 83, 90 and 94 of September 30)† is that the Soviet Union is proposing to introduce its own resolution containing what appear to be additional significant concessions. The gist of the U.S.S.R. proposal is that the Disarmament Commission should prepare a treaty for submission to the Security Council taking as a basis for discussion the Anglo-French proposals but including the following fundamental conditions:

(a) The simultaneous reduction of armed forces, armaments and military budgets within 6 or 12 months by one-half of the difference between the levels of December 31, 1953, and fixed levels or norms to be agreed, together with control of this reduction by means of a temporary commission set up by the Security Council to which governments would be required to furnish the information necessary for insuring that the reductions were actually carried out;

(b) Simultaneously with the completion of the reductions in conventional arms, forces and budgets within 6 or 12 months, there should be a total prohibition of all mass destruction weapons together with the establishment of a permanent international control organization which would have powers of permanent inspection and the necessary scope to insure the execution of the prohibition.

10. The Soviet proposals are chiefly remarkable for the absence of any reference to banning even the *use* of atomic weapons as a precondition of acceptance of a disarmament scheme and the adoption instead of at least a temporizing attitude toward the Western concept of a conditional prohibition except in defence against aggression, to which the Soviet Government feel the Disarmament Commission might devote additional study. These proposals are also noteworthy in the following respects:

(a) The traditional Soviet demand for "proportionate reduction" in conventional armaments and armed forces is abandoned in favour of the Western concept of agreed norms;

(b) The Anglo-French proposals are accepted as a basis for discussion.

11. In assessing what the Canadian attitude should now be, the following considerations would seem relevant:

(i) The premises listed in paragraph one above appear still to be valid.

(ii) It is unlikely that the U.S.S.R. has jettisoned its propaganda objectives and is now sincerely searching for a practicable solution to the disarmament problem, although the possibility of mixed motives should never be ruled out.

(iii) Nevertheless the Soviet proposal will undoubtedly tend to give the U.S.S.R. the initiative in the eyes of the world.

(iv) It will be up to the West to devise an attitude that will protect its position (especially with respect to the need for disclosure, adequate control and inspection machinery) without making it appear that they are callously throwing cold water on what the man in the street will probably regard as a forthcoming Russian proposal.

12. Accordingly, in line with the suggestion made in paragraph 4 of telegram No. 90[20] and subject to the continuing and over-riding need for Western unity on disarmament questions, it would seem appropriate to instruct our Delegation to urge the other Western Powers:

(a) To express cautious welcome of the Soviet proposals, noting that they seem to indicate a less negative approach than that hitherto adopted by the U.S.S.R.

(b) To agree to accept those proposals as a basis for further discussion (preferably in a renewed session of the Sub-committee) on the assumptions that the U.S.S.R. is sincere in its desire to find a solution and that the U.S.S.R. will co-operate, in fact, in seeking practicable and workable arrangements for inspection and control as a *sine qua non* of any such solution.

(c) To emphasize that there is indeed no other way in which the U.S.S.R. can convincingly demonstrate its sincerity, except by recording its recognition that the creation of adequate and authoritative machinery for inspection and control of disarmament is not inimical to its interests, and by joining with the other countries concerned in an honest effort to bring such machinery into effective operation.

J[ULES] L[ÉGER]

[20] La suggestion au paragraph 4 se lit :/The suggestion in paragraph 4 reads:
"Our preliminary inclination, shared by the others at the meeting, was therefore to consider taking up the item next week as planned, and seeking to minimize or avoid subsequent debate by having some appropriate country introduce a resolution referring to the London talks and the new Soviet proposal, and asking the members of the disarmament sub-committee to resume their private meetings in a further effort to reach agreement."

[PIÈCE JOINTE 1/ENCLOSURE 1]

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

TELEGRAM 767 New York, September 15, 1954

CONFIDENTIAL

Reference: Our immediately preceding message.†
Repeat Washington No. 345.

GENERAL ASSEMBLY — DISARMAMENT

Following is text of resolution drafted by United Kingdom delegation. Text begins:

The General Assembly

a. *Reaffirming* the responsibility of the United Nations for seeking a solution of the problem of disarmament;

b. *Conscious* that the continuing development of armaments increases the urgency of the need for such a solution;

c. *Believing* that the solution of international controversies necessary for the establishment of a lasting peace would be considerably aided by an agreement on disarmament, or at least on a substantial reduction of armaments;

d. *Desiring* to lighten the burden of armaments in order to facilitate peaceful development and reconstruction;

e. *Having received* the fourth report of the Disarmament Commission of the 29th of July 1954, submitted in accordance with General Assembly Resolution 715 (VIII) of the 28th November, 1953;

f. *Endorsing* the Commission's hope that circumstances will facilitate a continued and fruitful consideration of the question of disarmament;

1. *Takes note* of the fourth report of the Disarmament Commission.

2. *Expresses its regret* that the Sub-Committee which the Disarmament Commission established as suggested in General Assembly Resolution 715 (VIII) did not find an acceptable solution to the problem;

3. *Recognizes* that the discussions in the Sub-Committee led to the clarification of the views of the powers principally involved, and to the submission of new proposals;

4. *Commends* the efforts of those powers which submitted these proposals and which, in a genuine attempt to reach agreement, demonstrated their flexibility of approach to the problem;

5. *Endorses* the proposal contained in the memorandum DC/SC1/10 on a comprehensive disarmament programme that provisions should be made in the draft disarmament treaty which the Disarmament Commission is required to prepare covering:

(a) The total prohibition of the use and manufacture of nuclear weapons and weapons of mass destruction of every type, together with the conversion of existing stocks of nuclear weapons for peaceful purposes.

(b) Major reductions in all armed forces and conventional armaments.

(c) The establishment of a control organ with rights and powers and functions adequate to guarantee the effective observance of the agreed prohibitions and reductions.

6. *Endorses further* the proposal in this memorandum that the provisions in the Disarmament treaty regarding the total prohibition and elimination of nuclear weapons and other weapons of mass destruction and the agreed reductions of armed forces and conventional weapons, should begin to enter into effect as soon as the international control organ, as established by the Treaty, has been constituted and positioned and is able effectively to enforce them;

7. *Believes* that the proposals in the memorandum DC/SC1/5 would lead to the establishment of an effective international control organ;

8. *Requests* the Disarmament Commission to make further efforts to seek agreement, on the basis of these memoranda, taking into account the other memoranda already submitted to it;

9. *Reminds* member states that pending agreement on the total prohibition and elimination of nuclear weapons, they should regard themselves as prohibited in accordance with the terms of the charter from the use of nuclear weapons except in defence against aggression;

10. *Requests* the Disarmament Commission to submit a further report to the General Assembly and to the Security Council;

11. *Calls upon* member states and particularly members of the Disarmament Commission to cooperate in efforts to produce agreed proposals. Text Ends.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 78 New York, September 29, 1954

CONFIDENTIAL. IMPORTANT.

Repeat Washington No. 20.

DISARMAMENT — UNITED STATES DRAFT RESOLUTION

Following is the text of the United States draft resolution on disarmament which will be discussed with members of the United States, United Kingdom, French and Canadian delegations tomorrow morning, September 30. Text Begins:

The General Assembly:

Mindful of the international tensions which grip the world, of which the burden of armaments is evidence, and believing that lasting peace can be firmly based only upon just relations and honest understanding between all nations,

Reaffirming the responsibility of the United Nations for considering the problems of disarmament,

Believing that all nations desire to lighten the burden of armaments and so to release more of the world's human and economic resources for peaceful purposes,

Reaffirming its belief that the increasing development of weapons of great destructive power gives heightened urgency to efforts to reach agreement on a general disarmament system, under adequate safeguards, which will include the prohibition of nuclear weapons and other major weapons adaptable to mass destructions as the result of effective international controls and the regulations, limitation and balanced reduction of other armaments and of armed forces,

1. *Takes note* of the fourth report of the Disarmament Commission of 29 July 1954, submitted in accordance with General Assembly Resolution 715 (VIII) of 28 November 1953;

2. *Endorses* the Commission's hope that circumstances will facilitate the continued and fruitful consideration of the question of disarmament, the capital importance of which, in conjunction with other questions affecting the maintenance of international peace, is recognized by all;

3. *Reaffirms* General Assembly Resolution 715 (VIII) of 28 November 1953 and requests the Disarmament Commission to continue its efforts to reach agreement on the problems with which it is concerned and to report again to the General Assembly and to the Security Council not later than 1 September 1955.

4. *Calls on* all member states, and in particular the major powers, to cooperate in aiding the Disarmament Commission to reach agreement on the problem with which it is concerned. Text Ends.

2. We expect that this draft rather than the United Kingdom draft will probably form the basis of the draft resolution which may eventually be submitted by the four delegations.

3. We should be grateful for your comments.

[PIÈCE JOINTE 3/ENCLOSURE 3]

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 76 Ottawa, September 30, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Your telegrams 78 of September 29 and 83 of September 30.†

DISARMAMENT

The important thing is, of course, to demonstrate Western unity on disarmament and you should go along with any reasonable resolution likely to achieve that purpose.

2. Apart from this general and over-riding consideration we think the United States draft resolution might be improved in the following ways:

(a) In place of United States preamble beginning "mindful" it might be preferable to use the language in para. C of the United Kingdom draft, which is more down to earth and more pertinent to the subject matter of the resolution.

(b) In the second paragraph of the United States draft beginning "*Reaffirming*" insert the phrase "seeking a solution of" in place of the word "considering". This would inject a positive and hopeful note into the affirmation.

(c) It seems regrettable that the United States draft says nothing about the helpful and thoughtful proposals discussed by the Sub-Committee. Accordingly we think that the draft might at least include between sub-paras. 1 and 2 of its conclusion a new para. reading: "*Recognizes* that the discussions in the Sub-Committee led to the clarification of the views of the powers principally involved, and to the submission of new proposals".

(d) We also think there might be propaganda advantage in including a paragraph along the lines of para. 9 of the U.K. draft emphasizing willingness to forego the use of nuclear weapons except in defence against aggression.

3. These changes are suggestions only and we are not wedded to them to the extent of wishing to place any obstruction in the way of achieving unanimity among the four co-sponsors which, we repeat, is our primary consideration.

4. With respect to your telegram No. 83, it is not possible to comment on the Russian proposals in the absence of more information. At first sight these appear to represent a further and welcome Soviet concession in as much as there is no longer a precondition of a ban even on the *use* of atomic weapons. On the other hand, before they could be acceptable to the West, it would be essential to ensure that the inspection and control machinery was adequate in both stages. Ends.

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Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 94

Ottawa, October 5, 1954

SECRET. IMMEDIATE.

Reference: Your telegram No. 114 of October 4.†

Repeat Paris No. 546.

DISARMAMENT DISCUSSIONS

Recent developments in respect of disarmament have been followed closely and in the following paragraphs an attempt is made to provide guidance in dealing with the various immediate questions arising out of these developments. These instructions are, of course, subject to whatever revisions the Minister, to whom we are repeating this message, might wish to make when he has had an opportunity to consider the latest developments.

2. We have noted particularly that the new Soviet proposals appear to offer substantial concessions to the Western point of view in that

(a) they do not include the traditional Soviet demand for an unconditional ban on atomic weapons as a precondition of agreement on disarmament;

(b) they envisage the reduction of conventional arms to fixed levels rather than by percentages; and

(c) they accept the Anglo-French proposals as a basis for further discussion.

3. There are, of course, many aspects of the problem which are not specifically covered in the Soviet proposals, notably the status that is to be given to the United States Working Paper on international control organs in any future talks. The Interdepartmental Working Party on Disarmament has been kept informed of all new developments and its views on the technical features of the Soviet proposals will be sought when and if this seems warranted by the course of the discussions in the Assembly.

Soviet Attempt to Obtain an Additional Agenda Item

4. Without knowing the phraseology of the Soviet request for an additional agenda item for the consideration of the new proposals, it is difficult to assess what our attitude on this question should be. We think that it would be undesirable to discuss the Soviet proposals as a separate item. This would not only waste time but might also tend to suggest that the Soviet proposals are completely new departures divorced from all that has gone before. This might unduly strengthen the erroneous impression that there has been a Soviet initiative, that the Soviet Union's proposals are more positive and hopeful than they might really be, and detract from the recent solid work on disarmament carried out by the Western countries.

5. The same might also be true even if the Soviet item is merely included as a sub-heading of the existing item No. 20 on disarmament. Nevertheless, we think that these risks ought to be run, at least to the extent of agreeing to the inclusion of the Soviet item as a sub-heading of item 20, if we are not to appear unwilling to co-operate with the U.S.S.R. on questions of disarmament. Accordingly when the question is discussed in plenary you should support inclusion of the Soviet item as part of item 20 while attempting at the same time to place the Soviet proposals in their true perspective so as to minimize the disadvantages outlined above.

Attitude to Soviet Proposals

6. Our participation in disarmament discussions continues to be based upon the central premise that our interest is in achieving *substantial* disarmament, and not in catering to a false sense of security.

7. In line with and subject to this premise we consider that the Western attitude must seek (a) to protect our security position, especially with respect to the need for adequate machinery for disclosure, inspection and control, and (b) to avoid our giving the impression that we wish to dismiss the Soviet proposals out of hand. Although we may feel privately that it is unlikely that the U.S.S.R. is sincerely searching for a workable solution we must act as though there may at least be a possibility of progress, in the exploitation of which we are willing to co-operate with the Soviet Union. Finally, and we consider this of great importance, we must not allow the Assembly to lose sight of the fact that the real initiative did not come from the Soviet Union but from the Anglo-French proposals and United States paper on inspection submitted to the Sub-committee in London, to which the Soviet resolution is a belated response.

8. Accordingly you should urge the delegations of the other Western countries concerned:

(a) to express cautious welcome of the Soviet proposals, noting that they seem to indicate a less negative approach than that hitherto adopted by the U.S.S.R. and emphasizing that they are based on and were preceded by the thoughtful plan worked out by the Western countries in London;

(b) while maintaining the positions set forth in the Anglo-French and United States proposals to accept the Soviet proposals for discussion and study (preferably in a renewed session of the Sub-committee) on the assumption that the U.S.S.R. may be sincere in its desire to find a solution and may co-operate in fact in seeking practicable and workable arrangements for disclosure, inspection and control as a *sine qua non* of any such solution, and

(c) to emphasize that there is indeed no other way in which the U.S.S.R. can convincingly demonstrate its sincerity except by recording its recognition that the creation of adequate and authoritative machinery for inspection and control of disarmament is not inimical to its interests and by joining with the other countries concerned in an honest effort to bring such machinery into effective operation.

9. In view of the fact that the Assembly has not had the opportunity since last autumn of discussing the disarmament question a number of countries will no doubt feel that it would be desirable to have some airing of problems of disarmament in the Assembly. Indeed while we would hope that any such discussion would be as brief and non-controversial as possible, it would serve to acquaint all members of the Assembly with the very real contribution of a solution of the disarmament problem which was made in London by the submission of the Anglo-French proposals and the United States Working Paper on the establishment of an international control organ. Nevertheless we would hope that detailed discussion of the various proposals now in hand, and in particular, careful investigation and exploration of the Soviet proposals, could be referred by the Assembly to the Sub-Committee of the Disarmament Commission. Such detailed study is not the function of the Assembly itself.

Western Joint Resolution

10. Despite the introduction of the Soviet resolution, we think it would be wise to press on with the drafting of an agreed Western text, because the Western Powers

sought to advance matters at London, and because past experience suggests that the Soviet delegation will stick to its own text which does not meet the Western position in every respect. Accordingly we shall look forward to learning what progress may have been made in reaching agreement on an agreed Western resolution in the light of the suggested amendments contained in our telegram No. 76 of September 30. It may indeed be possible if the Soviets wish to appear conciliatory that a final text might be agreed providing for a reference to the Commission and the Sub-Committee (which have already considered the Western proposals) of the Soviet texts.

Timing of the Discussions

11. In your telegram No. 90 of September 30† you indicated that there might be a move to postpone consideration of the disarmament item until later in the Assembly. We strongly suspect that the Soviet initiative in putting forward their proposals was carefully timed to coincide with the London talks on the German problems and that the Soviet delegation would attempt to use a postponement to its own advantage in similar fashion. For this and the other reasons outlined in paragraph 4 of your message, we think there is much to be said for continuing as planned with the discussion of disarmament as the first item on the agenda of the First Committee.

12. We understand that Mr. Pearson may find it possible to be present in New York for these discussions, and we shall keep you informed as soon as his plans are final.[21]

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Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 154 New York, October 6, 1954

SECRET. IMPORTANT.

Reference: Your telegram No. 94 of October 5.
Repeat Paris No. 3, Washington No. 40.

DISARMAMENT

I am grateful for your prompt and detailed guidance on what is shaping up as the most important political problem before this assembly.

2. Although the positions of the delegations principally concerned with disarmament are still quite fluid, there have been some preliminary exchanges on how the first committee debate should be handled.

[21] Pearson se trouvait en Europe pour participer aux discussions de l'OTAN sur le problème allemand. Voir le chapitre 3, 4e partie.
[21] Pearson was in Europe for NATO discussions on the German problem. See Chapter 3, Part 4.

3. Moch and Selwyn Lloyd discussed this yesterday evening and found themselves in general agreement on the following points:

(a) There will have to be a full debate in the First Committee to satisfy the interest and concern of the smaller countries; but

(b) A full technical examination of the Soviet proposals can best be undertaken in private in a small group;

(c) To reconstitute the disarmament sub-committee would mean reconvening the Disarmament Commission and would cause some delay;

(d) It might therefore be desirable, after perhaps two weeks' debate in the First Committee, to constitute a sub-committee consisting of Canada, France, USSR, United Kingdom and U.S.A. to meet in private under the Chairmanship of someone who could symbolize the participation of the smaller countries in our work as Nervo did in Paris;

(e) The sub-committee could be instructed to report back to the General Assembly before the end of its present session.

4. The principal considerations for the United Kingdom and United States delegations (and I presume for the Canadian delegation also) are:

(a) To find out as soon as we can whether the new Soviet proposals are something more substantial than a means of stalling German re-armament by increasing French hesitations; and

(b) For this reason, to get into a private technical examination of the Soviet proposals without delay so that, if control continues to be the stumbling block, this fact can be exposed before the French assembly face ratification of the London agreement on Germany.

5. We have learned very confidentially from the United Kingdom delegation that as soon as Moch heard of the Soviet proposals he cabled Mendes-France saying that, although the British offer to commit troops to continental defence on a long-term basis, together with the proposals for armaments control, met most of his misgivings, he thought France should not ratify the London agreement until there had been an opportunity to explore the new possibilities of agreement on disarmament. Although Lloyd was at first afraid Moch might be tempted to put off sub-committee examination of the Soviet proposals until January, he is now reassured that Moch is ready to proceed without delay during the present session of the assembly.

6. As regards paragraph 9 of your telegram under reference, would you agree, on the basis of the information we have reported above, to allow the smaller members of the First Committee enough time to debate disarmament, probably beginning next Monday, so that they will not feel the great powers are giving them the brush-off?[22] The Indians, from indications we have had from them, are particularly sensitive on this score because they are not members of the Disarmament Commission or the sub-committee.

[illegible]

[illegible]

[illegible]

[22] Note marginale :/Marginal note:
Yes [J.W. Holmes]

7. Would you also agree to having an assembly sub-committee set up, for the sake of speed, consisting of Canada, France, USSR, United Kingdom and U.S.A. under some neutral Chairman such as Nervo, Urrutia (Chairman of committee one) or Entezam?[23]

8. As regards your paragraph 10, Vyshinsky blandly asserted in the general committee yesterday that the Soviet proposal was the only proposal before the assembly. If he presses this preposterous assertion, the principal western delegations may consider putting in a resolution on the Anglo-French proposals. In any case, the tabling of the new Soviet proposals has, in the eyes of the United Kingdom and United States delegations, more or less antiquated the previous draft resolutions of these two delegations. Although we have taken up with them the points made in your telegram No. 76 of September 30, the United Kingdom delegation is at present thinking of the possibility of reviving the informal Canadian draft prepared in London during the sub-committee talks last June which incorporated the Anglo-French proposals in resolution form. What are your views on reviving this Canadian draft to offset a possible Soviet resolution presenting their counter-proposals in resolution form? The United Kingdom delegation fear Vyshinsky may capitalize on the more specific form of presentation of the Soviet proposals if the Western Powers have not an equally specific alternative.

9. As regards the timing of the discussions, the Soviet delegation will not object to disarmament being taken first in the First Committee and to a concurrent discussion of the two items on disarmament which will be inscribed separately this afternoon on the recommendation of the general committee.

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Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 110 Ottawa, October 8, 1954

SECRET. IMMEDIATE.

Reference: Your telegrams Nos. 154 and 162† of October 6 and 167 of October 7.†

DISARMAMENT

We agree with para. 6 of your telegram No. 154 that it would be desirable to permit a general, though preferably brief, airing of the disarmament question in the First Committee. This would help to avoid giving the smaller countries the impression that we think their views are unimportant. In addition, the fact that we have

[23] Note marginale :/Marginal note:
Yes [J.W. Holmes]

heard their views in the First Committee, may stand us in good stead should it become necessary to forestall their representation in the private talks.

2. We feel it would be unfortunate if countries other than those represented on the existing Disarmament Sub-committee took part in the private talks envisaged, since this might obstruct our fundamental purpose of seeking to force the U.S.S.R. to demonstrate its real intentions for good or ill as soon as possible.

3. With respect to para. 7 of your telegram No. 154, you have yourself given a forceful answer in your telegram No. 162. We are, therefore, opposed to the formation of an ad hoc sub-committee of the General Assembly for the purpose of discussing the disarmament proposals. Instead you should urge that the necessary private talks be held in a reconvened session of the Sub-committee of the Disarmament Commission. We do not think that the time that might be lost in reconvening these bodies would be sufficiently great to endanger the realization of our fundamental purpose. Substantial progress has been made by using this machinery, which was specifically created for the task now at hand. It would be illogical and certainly of doubtful value to change this machinery at this stage of the negotiations, especially since this would open the way to potentially embarrassing and protracted arguments on the question of representation. We would hope that the Indians would not press for a seat on the Sub-committee at this time, in view of the fact that in private conversations with us they expressly disclaimed any desire for a seat during the discussions on the constitution of the Sub-committee before the London talks and said that this attitude had been communicated to Vyshinsky. It may be that Mr. Menon's zeal is greater than that of his Government on this issue. However, we should not wish to oppose India's candidacy publicly, and for this reason it would be best to stick to the existing Sub-committee with its restricted membership. Should any Government feel exceptionally strongly that it should be allowed to present views during the Sub-committee talks, it might be possible, though perhaps not wholly desirable, for the Sub-committee or the Disarmament Commission to invite them to attend on an ad hoc basis.

4. On the question of timing, as has been said, we feel strongly that the greatest advantage is likely to lie in the expeditious handling of this question not only to forestall any possible Soviet attempt to postpone discussion to a moment advantageous to the U.S.S.R. but also to expedite the exposing of the true Soviet motives. Accordingly you should work for a procedure that would enable the Sub-committee of the Disarmament Commission to be reconvened as soon as possible, having in mind, of course, the need to allow adequate time for the expression of views of other interested Governments in the First Committee. In view of the possibility that the Soviet concessions are timed to influence ratification in France of the West Europe Defence arrangements, it would be best to leave flexible the time of the obligation on the Sub-committee to report back (presumably through the Disarmament Commission) to the Assembly. Perhaps some such wording as the obligation to report as soon as progress warrants would permit the Western Powers to retain control over the timing of any second phase of the public debate in the General Assembly. We should like further information about United States views as to timing, and also about Mr. Moch's thinking. Obviously we would hope that he is not inadvertently playing into the hands of the Soviets, since this might jeopardize the

unified Western approach should our suspicions about Soviet good faith prove true. The maintenance of Western unity on the disarmament question is a matter of the greatest importance.

5. We think your suggestion for a revival of the draft Canadian resolution prepared during the London talks is a good one. The text of this draft will, however, require changing from that embodied in London telegram to Permanent Delegation No. 11 of June 1, 1954.† The preamble and the first paragraph of that text would be appropriate but we think the rest of the draft should read along the following general lines:[24]

(2) *Reaffirms* the obligations inherent in the Charter of the United Nations, and accepted by all member nations, not to use their arms and armaments, including nuclear weapons, except in defence against aggression.

(3) *Requests* the Disarmament Commission immediately to reconvene its Sub-committee for the purpose of preparing for eventual presentation to a World Disarmament Conference including all states possessing substantial armed forces and armaments, a comprehensive disarmament convention covering all types of weapons, all types of armed forces and military facilities of all kinds.

(4) *Considers* that the basis of the private talks to be held in the Sub-committee and of the discussions in the Disarmament Commission should be the Anglo-French proposals, including the plan for inspection and control which they envisage, and the recent proposals of the U.S.S.R.

(5) *Requests* the Disarmament Commission to report back to the General Assembly as soon as the progress that may be made in the Sub-committee talks would warrant such a report and, in any event, before the end of the current session of the General Assembly.

6. While we think it doubtful that the Soviet delegation will agree to one resolution, we think it worth keeping the Western text as simple and non-controversial as possible in order to exploit any such possibility there may be.

7. The foregoing was drafted before Mr. Martin's latest telephone conversation with Mr. Léger. We are by no means wedded to the above draft although we think it is on the right line and will await arrival of joint text on which you have been working in New York before taking a final decision as to co-sponsorship.

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[24] Le préambule et le premier paragraphe de la résolution transmise à la délégation permanente dans le télégramme nº 11 du 1er juin 1954 se lisent comme suit :/The preamble and the first paragraph of the resolution transmitted to the Permanent Delegation in telegram No. 11 of June 1, 1954 read as follows:

The General Assembly

In order to diminish the threat of a new world war, to reduce international tension, to lighten the burden of armaments thereby releasing more of the world's human and economic resources for peace, and to strengthen confidence, peace and security among states,

1. *Solemnly reaffirms* the obligation assumed by members of the United Nations to refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state;

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Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 180

New York, October 8, 1954

SECRET. IMMEDIATE.

Reference: My telegram No. 184 of October 8.†

DISARMAMENT

Yesterday afternoon, concerned at the divergent and relatively uncongealed ideas among friendly western delegations regarding how the disarmament item should be handled, we suggested to Selwyn Lloyd that representatives of United Kingdom, United States, French and Canadian delegations should meet, and he called such a meeting for this morning. We also arranged a private Canadian-American meeting yesterday evening, which I have reported separately in my telegram under reference.

2. At the quadrapartite meeting held this morning in the British offices it was agreed that the regular disarmament item and the Soviet disarmament item should be inscribed as the first two items on the agenda and discussed together. Lloyd then produced a first draft of a resolution which he suggested should be introduced immediately the committee takes up the item. It could, Lloyd said, be amended later in whatever ways seemed appropriate in the light of the debate, but by introducing it now, and having the Soviet item as second on the agenda it would presumably come up for a vote before the Soviet resolution which would be tactically useful. Its early introduction would also prevent Vyshinsky repeating his claim that his resolution is the only disarmament proposal before this Assembly. There was general agreement on these points.

3. On the text of the resolution there was a certain amount of discussion and a somewhat revised text was worked out by a drafting group of the four delegations. The text, as it now stands, is being sent to you in my immediately following telegram.

4. We would appreciate your very early comments on the text. These should, if possible, be received this afternoon or Saturday morning. Our own feeling is that the text is now entirely satisfactory (*though it might* be desirable to delete the provision at the end that the sub-committee must in any case report "by September 1955", as this seems to detract from the force of the instructions to report "as soon as possible", and might make it more difficult to resist pressure for a report back during this Assembly).

5. *Sponsorship.* We see considerable advantages in having United Kingdom sponsorship alone, since they would thus retain flexibility of control in their own hands. Lloyd himself would like this best. However, it will probably be impossible to

resist Moch's desire to co-sponsor. Lloyd, therefore, hopes that we and the Americans will also agree to co-sponsor, and I feel we should do this if the Americans do so. We would like your authority for this by the end of this afternoon, if possible.

6. Moch suggested that the ideal would be five-power sponsorship with the U.S.S.R. as the fifth. Wadsworth for the United States said that he was not at all sure that he would be authorized to co-sponsor with the U.S.S.R., though he promised to seek instructions on this.

7. (Having the Soviet co-sponsor, while superficially attractive, would in our view be very unwise as it would give the world a dangerously false impression of unity, and imply a much greater agreement than there is as yet any evidence for. Moreover, if Vyshinsky agreed to co-sponsor *providing* the resolution were slightly amended say to provide for a report back to this assembly, then it would probably be difficult to keep Moch in line as he would probably wish to accept such an amendment. Selwyn Lloyd privately agrees with us on this though neither of us said so at the meeting.)

8. Moch said that his attitude on further procedure will depend on Vyshinsky's answers to twenty questions which he proposes to put to him on Monday morning.

9. Moch, and also Lloyd, seemed at first to envisage about three weeks of debate in the first committee, before the resolution was approved. (Lloyd had told us privately that one advantage he sees in a long disarmament debate is that it makes it more likely that the item on Cyprus will be reached sufficiently late to facilitate adjournment of the assembly without discussing it! This in our view shows a false proportion on the importance of the items.)

10. Our own view is that it would be desirable, if possible, to have the disarmament debate end with a resolution along the lines of the revised draft, after say 10 or 12 days of debate. It could then be passed through plenary so that the Disarmament Commission could meet forthwith and the sub-committee begin work during the Assembly session. The Americans still, however, hope that the sub-committee meetings could be postponed until after the new year.

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143.

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 181 New York, October 8, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: My immediately preceding telegram No. 180.

DISARMAMENT — DRAFT RESOLUTION

Following is text of resolution on disarmament drafted by Working Group of Canadian-French-U.S.-U.K. delegations this morning. Text begins:

"The General Assembly

Re-affirming the responsibility of the United Nations for seeking a solution for the disarmament problem

Conscious that the continuing development of armaments increases the urgency of the need for such a solution

Having considered the fourth report of the Disarmament Commission of the 29th July, 1954, and the documents annexed thereto[25]

Concludes that a further effort should now be made to reach agreement on proposals to be embodied in a draft international disarmament convention which should include, among others, provisions covering the following:

(a) The total prohibition of the use and manufacture of nuclear weapons and weapons of mass destruction of every type, together with the conversion of existing stocks of nuclear weapons for peaceful purposes;

(b) Major reductions in all armed forces and conventional armaments;

(c) The establishment of a control organ with rights, powers and functions adequate to guarantee the effective observance of the agreed prohibitions and reductions.

Requests the Disarmament Commission to seek an acceptable solution of the disarmament problem on the basis of the Anglo-French proposals of the 11th June, 1954, (DC/SC.1/10)[26] which have been accepted by the U.S.S.R. as a basis for an international disarmament convention, taking also into account any other proposals within its terms of reference;

Suggests that the Disarmament Commission again consider the desirability of establishing a sub-committee as proposed in operative paragraphs 6 and 7 of General Assembly resolution No. 715;[27]

Requests that Disarmament Commission to report to the Security Council and to the General Assembly as soon as possible and not later than September 1." Text ends.

[25] Voir/See Peter V. Curl, *Documents on American Foreign Relations, 1954*, New York: Council on Foreign Relations, Harper & Brothers, 1955, pp. 447-448.

[26] Voir/See *Report on the proceedings of the Sub-Committee of the United Nations Disarmament Commission held at Lancaster House*, London, May 13-June 22, 1954, London: Her Majesty's Stationery Office, 1954, Annex 9, pp. 31-32.

[27] Voir/See Dusan J. Djonovich, *United Nations Resolutions*, Series I, Resolutions adopted by the General Assembly, Volume IV, 1952-53, New York: Oceana Publications, 1973, pp. 178-179.

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144.

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 188 New York, October 8, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Our telegrams Nos. 180 and 181.

DISARMAMENT: DRAFT RESOLUTION

The Americans cannot agree to co-sponsor the disarmament resolution we drafted this morning and it is even in doubt whether they could support the resolution in its present form if it were co-sponsored by the United Kingdom and French delegations.

2. The four delegations will meet tomorrow morning to consider what we should do. It seems to us that the best course would now be to find out the minimum changes required by the United States delegation to enable them to support the resolution if co-sponsored by the United Kingdom and French delegations.

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145.

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 190 New York, October 9, 1954

RESTRICTED. IMMEDIATE.

Reference: Our telegram No. 188 of October 8.

DISARMAMENT RESOLUTION — UNITED STATES' REVISION

Following is text of State Department revision of four power disarmament resolution: Text begins:

The General Assembly

Reaffirms the responsibility of the United Nations for seeking a solution for the disarmament problem,

Conscious that the continuing development of armaments increases the urgency of the need for such a solution;

Having considered the fourth report of the disarmament Commission of 29 July 1954 and the documents annexed thereto

1. *Concludes* that a further effort should now be made to reach agreement on comprehensive and coordinated plans providing for:

(a) The regulation, limitation and balanced reduction of all armed forces and all armaments;

(b) The elimination and prohibition of all major weapons including bacteriological adaptable to mass destruction;

(c) The effective international control of nuclear energy to ensure the prohibition of hydrogen and atomic weapons and the use of atomic energy for peaceful purposes only.

The whole program to be carried out under effective international control in such a way that no state would have cause to fear that its security was endangered.

(Alternatively:

Concludes that a further effort should now be made to reach agreement on a general disarmament system under adequate safeguards which will include the prohibition of nuclear weapons and other major weapons adaptable to mass destruction as the result of effective international control and the regulation, limitation and balanced reduction of other armaments and armed forces.)

2. *Requests* the Disarmament Commission in seeking an acceptable solution of the disarmament problem to take into account the Anglo-French proposal of 11 June 1954 which has been accepted by the U.S.S.R. as a basis for an international disarmament convention, the United States working paper of 25 May 1954 concerning international control organs to implement and enforce disarmament programs, as well as any other proposal within the Commission's terms of reference.[28]

3. *Suggests* that the Disarmament Commission again consider the desirability of re-establishing the sub-committee of five as proposed in operative paragraphs 6 and 7 of General Assembly Resolution 715 (VIII),

4. *Requests* the Disarmament Commission to report to the Security Council and to the General Assembly as soon as possible and not later than September 1, 1955. Text ends.

2. The United States delegation would still like to co-sponsor a resolution along these lines with the United Kingdom, France and Canada. There will be a meeting of the four delegations this morning at 11:30 to see whether we can reach agreement on a text in time to have it on the table on Monday morning. We shall be reporting after this morning's meeting to ask for your authority to co-sponsor whatever item emerges.

[28] Voir/See United States, Department of State, *Bulletin*, Volume XXXI, No. 788, August 2, 1954, "Results of London Talks on Disarmament, Report of the Sub-committee of the Disarmament Commission", Annex 4, pp. 179-181.

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146.

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 191 New York, October 9, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Our telegram No. 190 of October 9.

DISARMAMENT RESOLUTION

At this morning's meeting of the United Kingdom, United States, French and Canadian delegations, we further revised and combined the four power draft and the United States draft. Your suggestions were substantially accepted. Although for tactical reasons the other delegations would prefer not to include a specific reference to the Soviet counter-proposals at this stage, they agreed that we would probably wish to accept an amendment mentioning the Soviet proposals later.

2. The preamble remains as before, and the operative paragraphs have been revised as follows. Text begins:

"1. *Concludes* that a further effort should be made to reach agreement on comprehensive and coordinated proposals to be embodied in a draft international disarmament convention providing for:

(a) The regulation, limitation and major balanced reductions of all armed forces and all armaments;

(b) The total prohibition of the use and manufacture of nuclear weapons and weapons of mass destruction of every type, together with the conversion of existing stocks of nuclear weapons for peaceful purposes;

(c) The establishment of effective international control, including a control organ with rights, powers and functions adequate to guarantee the effective observance of the agreed reductions and the prohibition of nuclear and other weapons of mass destruction, and to ensure the use of atomic energy for peaceful purposes only; the whole programme to be carried out under effective international control in such a way that no state would have cause to fear that its security was endangered.

2. *Requests* the Disarmament Commission to seek an acceptable solution of the disarmament problem taking into account the Anglo-French proposals of 11 June 1954 (DC/SC.1/10) which have been accepted by the U.S.S.R. as a basis for an international disarmament convention, as well as any other proposals within the Commission's terms of reference.

3. *Suggests* that the Disarmament Commission reconvene the sub-committee established in accordance with paragraphs 6 and 7 of General Assembly resolution 715(VIII).

4. *Requests* the Disarmament Commission to report to the Security Council and to the General Assembly as soon as sufficient progress has been made." Text ends.

3. May we co-sponsor this resolution with France, the United Kingdom and the United States? We are still hoping to secure four power agreement by Monday morning, since Lloyd wants to discuss the resolution in his opening statement, but the French representative this morning indicated that Moch much prefers five power sponsorship, if attainable. The rest of us said we thought it better to have a four power draft tabled early in the debate, rather than to attempt to negotiate an agreed text with the Soviet delegation who have already submitted as a draft resolution their September 30 proposals. If Moch insists, the alternative might be for the United Kingdom to sponsor alone. Realizing this, Moch will probably agree to four power sponsorship.

147.

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Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 118

Ottawa, October 11, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Your telegrams No. 190 and No. 191 of October 9.

DISARMAMENT

As you were informed by telephone we consider that the draft set forth in your telegram No. 190 as revised in accordance with paragraph two of your telegram No. 191 is satisfactory. We should have preferred a more specific factual reference to the Soviet counter proposals but are satisfied with the revision as it now stands on the understanding that we shall probably have to accept an amendment mentioning the Soviet proposals in the course of the debate.

2. So far as the question of co-sponsorship is concerned, you are authorized to co-sponsor this resolution, together with the other three Western Powers. If this is unacceptable to the French, we agree that the alternative is for the United Kingdom to sponsor the resolution by itself. We have some sympathy with M. Moch's desire for a five power sponsorship on the assumption that it is his objective to see that the resolution commands Soviet support and that general agreement is reached to refer the Disarmament question as soon as possible to the Sub-committee. On the other hand the essential point is Soviet support rather than Soviet co-sponsorship and there may indeed be a tactical advantage in reminding the Assembly that it was the Western Powers that first put forward new proposals with respect to Disarmament. For this reason we would not repeat not be prepared to take any initiative in securing Soviet co-sponsorship.

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148.

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 204 New York, October 11, 1954

SECRET. IMMEDIATE.

Reference: Your telegram No. 118 of October 11.

DISARMAMENT

After Vyshinsky's speech in the First Committee today, which is being reported separately, I met with Selwyn Lloyd, Jules Moch, Wadsworth, and their principal advisers.

2. The main topic discussed was what if anything to do about the draft resolution. The Americans felt strongly, and we and the British agreed, that it would be useful to have it tabled. There was however considerable backing and filling about sponsorship. Moch thought that sponsorship by the four of us would be undesirable in that it would isolate Vyshinsky. The Americans however could not accept Soviet co-sponsorship and as you know, Lloyd also does not favour this. Moch would be unhappy about the United Kingdom sponsoring alone and for this reason among others Lloyd does not want to do this, though it would in our view be the best solution. Lloyd suggested that Canada should sponsor alone, and France and the United States enthusiastically supported this. We did not encourage the idea, but undertook to submit it to you, and to try to have an answer by Tuesday morning.

3. On balance, my recommendation is that we should do this. Though the Americans, the British and ourselves felt that Vyshinsky's speech showed that they are not prepared to move much if at all on the vital question of the powers of a control organ, and there is in my own view no doubt that their main object is through propaganda to delay or prevent a French decision on the re-arming of Germany, nevertheless the French delegation were in some respects heartened by Vyshinsky's statement. (I understand that Moch yesterday gave Vyshinsky a preview of his "twenty questions".) After the speech today Hoppenot, the French Permanent Delegate, told me that he was confident the Russians wanted peace for at least ten years. This in my view makes the procedural point, of getting the disarmament debate to the Sub-Committee where it can be thrashed out seriously in private, a matter of some importance. The Americans naturally are strongly of this same opinion. However, it seems probable that if we do not sponsor the resolution now agreed between the four of us, no resolution will be put forward at this stage, although we cannot be sure how the situation will develop in the next few days.

4. In any case I would appreciate your instructions, if possible by 11 a.m. tomorrow, as to whether Canada should agree to sponsor the resolution alone.

5. The text of the resolution was gone through, and amended slightly. The amendments are an improvement and are as follows:

The third preamble which begins "*having considered*" has the following phrase added "and the Soviet draft resolution concerning the conclusion of an international convention on the reduction of armaments and the prohibition of atomic, hydrogen, and other weapons of mass destruction". Sub-paragraph (c) of operative paragraph 1 is amended by changing the phrase "the effective observance of the agreed reductions ..." to "the effective observance of the agreed regulations, limitations and reductions ...". The final sentence of operative paragraph 1 is amended to read as follows: "The whole programme to be such that no state would have cause to fear that its security was endangered".

6. There was also some discussion on the question of timing of action if the resolution is adopted. As you know, the Americans have been opposed to any substantive meeting of the sub-Committee until after French ratification of the NATO and Brussels Treaty revisions. On the other hand, the French have insisted on early meetings of the sub-Committee, and their view is that to seek to prevent early meetings would be to adopt a very unpopular and probably untenable position. At the meeting today, Selwyn Lloyd proposed that the sub-Committee should meet at once, for a week or ten days, after the resolution is adopted (by plenary) and should set up two or three sub-Committees at the official level, charged with bringing in recommendations on such questions as the control organs, phasing and scope. Discussion about the terms of reference of the sub-Committee would doubtless take up three or four meetings and would show signs of activity, without getting to substance. This idea was warmly accepted by both Moch and Wadsworth.

7. I look forward to your early instructions.

149.

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Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 130

Ottawa, October 12, 1954

SECRET. IMMEDIATE.

Reference: Your telegrams Nos. 200,† 204 and 205† of October 11.

DISARMAMENT

Your telegrams under reference were received in the East Block very close to midnight last night and it was not practicable to discuss them with the Minister until first thing this morning. As you were informed on the telephone and in the light of our discussion with the Minister, our view is as follows:

1. On the whole, we continue to prefer a four-power sponsorship of the resolution as revised since this would symbolize a unified Western approach on the question

of the next steps to be taken. Failing that, we should have preferred an Anglo-French co-sponsorship. We can understand the difficulties created by M. Moch's attitude which evidently precludes four-power sponsorship, and the reasons why Selwyn Lloyd is not anxious to proceed alone since this might appear to represent some weakening of the joint positions achieved in the Anglo-French memorandum. For these reasons we would be prepared to consider sponsorship by ourselves of such a resolution, which after all is largely procedural rather than substantive. Our final decision, however, depends upon a prior understanding with our partners as to the responsibilities of single sponsorship. As we see the position, if this resolution were to be collectively co-sponsored, the co-sponsors would be bound to consult and reach agreement on the disposition of any amendments which might be put forward in the course of the discussion.

2. In particular, we foresee two main types of amendments. In the first place, the Indians and possibly the Latin Americans may insist on broadening the composition of the Sub-Committee. In the second place, there may be some discussion on the last paragraph of the resolution with respect to the timing of the report back to the General Assembly. If we are asked to sponsor this resolution alone, we must reserve to ourselves the right to accept or reject amendments which might be put forward even though the United States, the United Kingdom and France may desire a firm stand on the text of the resolution as it is now drafted. To be quite specific, should the Indian Government insist on full participation in the Sub-Committee we would not necessarily feel bound to oppose this even though the United States might feel obliged to do so. It would be preferable to clear up this point with the other three Western powers so that there will be no misunderstanding at a later and more decisive stage of the debate.

3. On the substance of the question of composition, we are at this stage satisfied with the draft as it now stands which makes the Sub-Committee of the Disarmament Commission the appropriate body, but the situation may arise where we might not wish to oppose publicly India's candidature (and possibly that of a representative of the Latin American states) and where indeed it might not be desirable to do so. After all this resolution will require a two-thirds majority to be carried and some concessions with respect to membership of the Sub-Committee may have to be made even though the literal position (that it is a "Sub-Committee of the Disarmament Commission") might have to be abandoned. This is a bridge which we shall have to cross when we come to it but it is a point which our friends should accept now rather than tax us at a later stage with bad faith should they feel required to take a different stand on this part of the resolution.

4. In the light of the foregoing we should be grateful if you would discuss the position urgently with the United Kingdom, the United States, and French Delegations and advise us further in the light of which a final decision on sponsorship can be made.

5. We understand that the Soviets have tabled their proposals in the form of a resolution (as contained in your telegram No. 194 of September 30).† The Soviet resolution is substantive rather than procedural and we would assume that an effort will be made to have the Soviets accept our resolution as the best method of consid-

ering in detail their own proposals. We should be grateful for clarification of this point and also for word on how the Western powers propose dealing with the Soviet resolution itself.

6. This telegram is intended as a written confirmation for the record of the instructions conveyed to you on the phone at ten o'clock this morning and does not take into consideration subsequent developments. Ends.

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Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 211 New York, October 13, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Our telegram No. 210† and your telegram No. 130 of October 12. Repeat Washington No. 52.

DISARMAMENT

After yesterday morning's meeting of the First Committee we had a meeting of the French, United States, United Kingdom and Canadian representatives to consider sponsorship. I explained the conditions you had attached to Canadian sponsorship and made a strong plea for four power sponsorship. After some discussion Moch came up with the ingenious suggestion of Canada sponsoring the resolution, putting it in yesterday afternoon and inviting the other four delegations represented on the Sub-Committee, including Vyshinsky, to co-sponsor today. This we did after obtaining your authority. I am sending you separately the text of my letter† to Vyshinsky.

2. Unfortunately, Lloyd could not attend our meeting and by the time he got word to us agreeing with the procedure proposed, the Canadian resolution was officially submitted half an hour after the Philippines resolution (foreshadowed in yesterday morning's debate in Committee) had been put in. This means that our resolution will in the ordinary course be voted on after the Philippines resolution — a procedural difficulty which would have been avoided had four power sponsorship been attainable earlier as we had urged.

3. Immediately after I speak this morning, it is agreed that Moch, Lloyd and Wadsworth will respond to my invitation to co-sponsor and by the end of the morning the resolution will be in the names of our four delegations. None of us expect Vyshinsky to join us, at least without making conditions we might be unable to accept, but this procedure meets Moch's point of not isolating Vyshinsky from the outset by confronting him with a resolution in the name of the four other powers represented on the Sub-Committee.

4. At yesterday's meeting of the four delegations we also narrowed the gap between the ideas of our four delegations on the timetable for the First Committee's debate and the reconvening of the Sub-Committee. Moch, Wadsworth and I have now tentatively agreed that there should be a full debate in the First Committee lasting probably another week or so; that no attempt should be made to curtail debate in Committee; that there should be no delay in having our resolution confirmed in plenary after it has been adopted in Committee, nor in calling the Disarmament Commission and activating the Sub-Committee. (Sarper of Turkey is Chairman of the Commission for October, Vyshinsky for November). This timetable commits Wadsworth to holding at least some meetings of the Sub-Committee this fall even before November 20 and it also commits Moch to the proposition that there should be no automatic or early deadline by which the Sub-Committee must report during the present session of the Assembly. Lloyd agreed with the timetable later on the understanding that the Sub-Committee when reconvened might spend most of its time initially on technical projects such as examining which weapons should be prohibited and which limited or reduced. Moch has, of course, not agreed that the Sub-Committee should initially be preoccupied with purely technical work.

5. With all the last minute changes of tactics of the past few days, my statement for this morning has grown longer than it would have been if we had had more time. I fear your request in your telegram No. 127 of October 12 for an immediate text of the entire statement will have placed a severe strain on communications in Ottawa as here.

151. DEA/50189-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 226 New York, October 13, 1954

IMMEDIATE

DISARMAMENT — CANADIAN RESOLUTION

To avoid confusion over final wording of Canadian resolution submitted yesterday, text follows:

"*The General Assembly,*

Reaffirming the responsibility of the United Nations for seeking a solution of the disarmament problem,

Conscious that the continuing development of armaments increases the urgency of the need for such a solution,

Having considered the fourth report of the Disarmament Commission of 29 July 1954 (D.C./53 and D.C./55), and the documents annexed thereto, and the Soviet draft resolution (A/C.1/750) concerning the conclusion of an international conven-

tion (treaty) on the reduction of armaments and the prohibition of atomic, hydrogen, and other weapons of mass destruction,[29]

1. *Concludes* that a further effort should be made to reach agreement on comprehensive and co-ordinate proposals to be embodied in a draft international disarmament convention providing for:

(a) The regulation, limitation and major balanced reduction of all armed forces and all armaments;

(b) The total prohibition of the use and manufacture of nuclear weapons and weapons of mass destruction of every type, together with the conversion of existing stocks of nuclear weapons for peaceful purposes;

(c) The establishment of effective international control, through a control organ with rights, powers and functions adequate to guarantee the effective observance of the agreed regulations, limitations and reductions and the prohibition of nuclear and other weapons of mass destruction, and to ensure the use of atomic energy for peaceful purposes only;

The whole programme to be such that no state would have cause to fear that its security was endangered;

2. *Requests* the Disarmament Commission to seek an acceptable solution of the disarmament problem taking into account the Anglo-French proposals of 11 June 1954 (DC/SC.1/10) which have been accepted by the Union of Soviet Socialist Republics as a basis for an international disarmament convention, *as well as other proposals* within the commission's terms of reference;

3. *Suggests* that the Disarmament Commission reconvene the sub-committee established in accordance with paragraphs 6 and 7 of General Assembly Resolution 715 (VIII);

4. *Requests* the Disarmament Commission to report to the Security Council and to the General Assembly as soon as sufficient progress has been made." Text ends.

[29] Pour le projet de résolution de l'Union soviétique (A/C1/750), voir Nations Unies, *Documents officiels de l'Assemblée générale, neuvième session, Annexes*, 21 septembre-17 décembre 1954, New York, points 20 et 68 de l'ordre du jour, p. 3.
For the Soviet draft resolution (A/C1/750), see United Nations, *Official Records of the General Assembly, Ninth Session, Annexes*, September 21-December 17, 1954, New York, Agenda items 20 and 68, p. 3.

152. DEA/50189-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 227 New York, October 13, 1954

CONFIDENTIAL. IMMEDIATE.

DISARMAMENT — SOVIET AMENDMENTS TO CANADIAN RESOLUTION

Following is text of unofficial translation of the amendments to Canadian disarmament resolution given Johnson by Vyshinsky at Polish delegation party this evening. Acceptance of Soviet amendments would enable them to co-sponsor. Text begins:

1. The resolution should refer in the title not only to the wording of the western disarmament item but also to the Soviet item.

2. Amend paragraph 1(A) to read "major reduction of all armed forces and all conventional armaments;"

3. Amend paragraph 1(C) to read "the establishment of effective international control, through a control organ with the necessary rights, powers and functions to guarantee the effective observance of the agreed reduction of all armaments and armed forces and the prohibition of nuclear and other weapons of mass destruction, and to ensure the use of atomic energy for peaceful purposes only;"

4. Amend paragraph 2 to read "*requests* the Disarmament Commission to find an acceptable solution of the disarmament problem taking into account the Anglo-French proposals of 11 June 1954 (DC/SC.1/10) and the U.S.S.R. draft resolution of 30 September 1954 (S/C.1/750) providing for the conclusion of an appropriate international convention, to be based on the Anglo-French proposals." Text ends.

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Le secrétaire d'État aux Affaires extérieures au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs to Chairman, Delegation to United Nations General Assembly

TELEGRAM 139 Ottawa, October 14, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Your telegrams No. 226 and No. 227 of October 13, 1954.

DISARMAMENT — CANADIAN RESOLUTION

Our comments on Vyshinsky's proposed amendments are as follows:

(1) The text of the Canadian resolution, as given in your No. 226 of October 13, contains no title, and we find it difficult to comment usefully on the title wording. Perhaps as an alternative to giving the Soviet item equal prominence with the Western item, it would be possible to devise a neutral phrase which could include both. In any event, this does not seem to present any insuperable problem.

(2) The language of the proposed amendment in paragraph one (a) is similar though not entirely identical with paragraph two (b) of the Anglo-French memorandum which reads as follows: "Major reductions in all armed forces and conventional armaments". The difference from the Anglo-French memorandum, however, is slight. On the other hand, the principal difference between this Soviet amendment and paragraph one (a) of the Canadian (now four power) resolution would seem to lie in the fact that the reference is to "all forces and all armaments" in the Canadian draft whereas it is restricted to "all armed forces and all conventional armaments". We should welcome clarification of this point, although in our own view it does not constitute a major difficulty when sub-paragraph 1(a) is read in conjunction with 1(b).

(3) We see no substantial difficulty in the acceptance of the Soviet redraft of paragraph 1(c) or even paragraph 2 providing it is acceptable to the other co-sponsors, and contains a reference to "other proposals within the Commission's terms of reference".

2. We should be grateful for your early comments on the Soviet draft amendments on the basis of your consultation with the other three Western powers. In the meantime, the foregoing comments will indicate that on a first study we see no major difficulty, on the basis of the texts, in the way of accepting the Soviet amendments.

3. The position is that, by pre-arrangement with our three partners, an offer has been made to the Soviet Union to co-sponsor what has now become a four-power resolution. We think it would be difficult for the Western powers to refuse to welcome Soviet acceptance on the grounds only of the apparently minor textual amendments suggested by Vyshinsky.

4. We recognize however in this matter, as in many others, the important thing is not only the text itself but the cold war implications of reaching agreement with the Soviet Union on concerted courses of action. If it is assumed, as apparently our United States colleagues assume, that the recent Soviet response in the disarmament field is entirely propagandistic in character there might have been solid ground for avoiding five-power sponsorship. If, however, we consider that, although the Soviet proposals must be viewed with the utmost skepticism, they deserve a thorough study in the appropriate forum, we must welcome Soviet support for our procedural resolution and should not balk at Soviet co-sponsorship (assuming their amendments are not objectionable in themselves). The decision to appeal for Soviet co-sponsorship has already been taken and we consider that the amendments which they have proposed are now to be examined on their merits and on the assumption that there is a chance of the Sub-committee doing some serious work in this important field.

5. Nevertheless, in this as in other aspects of this complicated problem, a principal concern must be the continuance of Western unity, and the four co-sponsors will have to reach agreement on the disposition of the Soviet texts. In our view the four-powers would be well advised to avoid giving Vyshinsky any basis for suggesting that we are unwilling to consider the Soviet amendments on their merits and are merely being frustrated from doing so because of an unwillingness on the part of the United States to accept any kind of Soviet co-sponsorship. All this being said we consider it important that agreement by the Soviet Union to co-sponsor the Canadian resolution, which after all is very largely procedural, should not be allowed to mislead public opinion into thinking that this implies agreement on the substance of a comprehensive disarmament scheme. Time alone can tell. Although we are inclined to think here that Soviet acquiescence in co-sponsorship is primarily a continuation of their general tactics evident in this Assembly of posing as the partisans of peace, for the moment it is consistent with our own interest that there should be agreement on a limited procedure for studying the disarmament problem and we therefore should not reject even this limited offer of Soviet co-operation.

6. We have just seen your teletype No. 238 of October 14† indicating that the main difficulties appear to be centring around paragraph 2. As indicated in our paragraph 1(3) above we do not consider that there are insuperable difficulties in devising an acceptable redraft of this paragraph to meet both the Soviet and United States positions, but we think it would only confuse matters further if we were to attempt to prepare an alternative draft at this distance. We hope, however, that the effort will be continued to reach agreement on a resolution acceptable to and if possible sponsored by the Soviet Union, though retaining the main form and all the substance of your own proposal.

154. DEA/50189-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 239 New York, October 14, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Our telegram No. 238 of October 14.†

Repeat Washington No. 53.

DISARMAMENT — SOVIET AMENDMENTS TO CANADIAN RESOLUTION

After we had had the Soviet amendments to the Canadian resolution translated yesterday evening, I called a meeting with our co-sponsors this morning before the First Committee.

2. The first reactions of Moch and Lloyd were favourable towards accepting most of the Soviet amendments with some changes, since, as Lloyd said, we were gain-

ing our essential points of maintaining the membership of the sub-committee and the timetable as we wished: to secure Soviet support for our procedure would keep Vyshinsky "from fishing in troubled waters" and avoid embarrassing discussions in the committee on Indian membership or (as the Australian and Philippines delegations have proposed) on requiring the sub-committee to make an interim report before the end of the present session. Moch also echoed our point that the Western powers must endeavour (a) to stick together on the Soviet amendments and (b) to avoid giving the appearance of unreasonableness or rigidity.

3. Wadsworth, however, said that it was his understanding that we had all four agreed that we would invite the Soviet Union to co-sponsor the Canadian resolution *as it stood*. He had thought it was understood there would be no question of negotiating amendments and his present instructions clearly require him to oppose any Soviet amendments. Moreover, even at first glance there were the following points of substance in the Soviet amendments which he did not think the United States could accept:

(a) The concept of "balanced" reduction was basic for the United States as was also the idea of the regulation and limitation of armaments.

(b) The Soviet draft resolution should not even indirectly be given an Assembly blessing and it was dangerous to imply that the Anglo-French and Soviet proposals were so close that they could be taken together as a basis for preparing a convention.

(c) The Soviet omission of a reference in paragraph 2 to "other proposals" was totally unacceptable.

4. Lloyd and Moch agreed that the Soviet amendments could not be accepted as they stood but thought something acceptable to all five delegations could probably be worked out. They did not see how they could refuse the Soviet amendment to paragraph 1 of the Canadian resolution which simply reverted to the wording of the Anglo-French memorandum but they agreed that a reference to "other proposals" was necessary in paragraph 2. The United Kingdom Government would prefer not to give the Soviet proposals equal status with the Anglo-French proposals and the United States could not in any event agree to take the Soviet proposals (even with others) as a basis for an international convention.

5. I adopted a cautious attitude between Wadsworth and the others, having in mind principally the undesirability of encouraging false hopes in France that agreement was just around the corner. At the same time I recognized that in the tactical position in which we now find ourselves it was in our own interests to be reasonable and in any case not to reject the Soviet amendments out of hand. It was agreed that if Vyshinsky put forward his amendments in committee we would all say that we would have to study them.

6. Although he has spoken to the press in general terms about some "small Soviet amendments" Vyshinsky did not speak at this morning's meeting of the First Committee and our next meeting is not until tomorrow (Friday) afternoon. He spoke to me after this morning's meeting and I said that we would need a little time to consider his amendments. He then suggested I show them to the other co-sponsors

and I agreed. He told me he had spoken to the press about the amendments and did not press me for an early reply.

7. We shall report in a separate message (No. 238) some of the alternative versions of the Soviet amendments which we discussed at this morning's meeting of the four delegations.

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155.

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 249 New York, October 15, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Your telegram No. 139 of October 14 and our telegrams Nos. 238† and 239 of October 14.

DISARMAMENT — SOVIET AMENDMENTS TO CANADIAN RESOLUTION

1. At a working level meeting of the United States, United Kingdom, French and Canadian delegations this morning, we discussed subject to higher authority in each case, possible compromise wording which Mr. Martin, on behalf of the four co-sponsors, might put to Mr. Vyshinsky on Monday if agreement among our four delegations has been reached by that time.

2. All four delegations agreed there was no difficulty about accepting the Soviet amendment to the title of the resolution.

3. On paragraph 1(a) of the Canadian resolution the United Kingdom, French and Canadian delegations could agree to the Soviet amendment. The United States could agree to the addition of the word "conventional" but could not agree to drop "regulation, limitation and" from our original text. They might, however, be able to agree to drop the word "balanced".

4. On paragraph 1(c) all four delegations are agreed that the Soviet amendment is acceptable, provided, in the case of the United States delegation, that they have a reference to "regulation, limitation" in paragraph 1(a).

5. On paragraph 2, which raises the chief difficulty the United States and French delegations prefer the alternative language reported in paragraph 1(d) of our telegram No. 238.[30] The French would, however, change "divergent" to "different". The United Kingdom delegation would probably agree to (d) but prefer (c) since it

[30] La variante se lit comme suit :/The alternative text read as follows:
"Requests the Disarmament Commission to seek to reconcile the various divergent proposals which have been put forward and seek to find an acceptable solution of the disarmament problem taking into account the Anglo-French proposals of 11 June, the Soviet proposals of September 30 and other proposals within the Commission's terms of reference."

does not place the Soviet proposals on the same level as the Anglo-French proposals.[31]

6. We also discussed the possibility of including in whatever version of this paragraph is acceptable to the co-sponsors a specific reference to the United States proposals covering the rights, functions and powers of the control organ. The United States delegation suggested "taking into account proposals within the Commission's terms of reference including the United States working paper of May 25, the Anglo-French proposals of June 11 and the USSR resolution of October 8". There is something to be said for referring to the United States proposals in some way so that the Soviet delegation, if they agreed to the insertion, cannot later pretend that the Assembly had given a special blessing to the Anglo-French and Soviet proposals.

7. We also agreed that the four delegations should adopt a cautious attitude in commenting to the press on the Soviet amendments, neither rejecting them nor minimizing the points of substance they involve. The four delegations have independently told Hamilton that his report in this morning's *New York Times* stating that the French had not yet agreed to co-sponsor was incorrect, and a correction will be published tomorrow. A revision of the Canadian resolution was issued last night in the names of the four sponsors.

8. We should be grateful for your instructions by Sunday afternoon, as the next meeting of the four principles may take place Sunday evening, October 17.

156.

DEA/50189-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 150

Ottawa, October 16, 1954

CONFIDENTIAL

Reference: Your telegram No. 249 of October 15.

DISARMAMENT — SOVIET AMENDMENTS

Our comments on the positions outlined in your telegram under reference are as follows: The paragraph numbers have reference to the paragraph numbers of the Canadian (now four-power) resolution.

Paragraph 1(a) We could agree to the Soviet amendment and hope that it will be possible for the United States not to press for the words "regulation, limitation and"

[31] La variante (c) se lit comme suit :/Alternative (c) read as follows:
"Requests the Disarmament Commission to seek an acceptable solution of the disarmament problem taking into account the Anglo-French proposals of 11 June, together with the USSR proposals of September 30 and other proposals within the Commission's terms of reference."

in the original text. Failing this we do not see why these words could not be accepted by the USSR if the United States refuses to budge.

Paragraph 1(c) See comment above.

Paragraph 2 We could accept either the text contained in paragraph (c) or (d) of your telegram No. 238 of October 14. Of the two we prefer the text in paragraph (c).

2. However, would it not strengthen the U.S. objective of ensuring that the Soviet proposals are not placed on the same level as the Anglo-French proposals if we were to revert to the language used in the operative paragraph of the original draft sent to us in your 181 of October 8 which used the phrase "on the basis of the Anglo-French proposals" rather than the weakened United States draft "taking into account the Anglo-French proposals". Perhaps a draft on the following lines might be acceptable: "Requests the Disarmament Commission to seek an acceptable solution of the Disarmament problem providing for the conclusion of an international disarmament convention on the basis of the Anglo-French proposals of June 11, 1954, taking into account the USSR resolution of October 8, the United States Working Paper of May 25, and any other proposals within the Commission's terms of reference."

3. We agree with the importance of the point made in your paragraph 7 that the four delegations should adopt a cautious attitude in commenting to the press on the Soviet amendments, neither "rejecting them nor minimizing the points of substance they involve." This is all the more important if subsequently it should become necessary to back away from the Soviet co-sponsorship. One other point which was reflected in our telegram of October 14th on the same subject, is the importance of making it clear that this co-sponsorship of the Soviet resolution is only a procedural step and that it remains to be seen whether they really mean business in the subsequent negotiations. Many people who have not followed the history of these discussions closely may be tempted to think that Soviet co-sponsorship of the resolution may imply a measure of agreement on the substance which is of course not the case.

4. In connection with the foregoing, your attention is drawn to a Canadian Press report by Harcourt in New York which appeared in October 14th *Globe and Mail* which refers to the fact that "the Soviet action" (i.e. to co-sponsor) "will follow agreement among the other four powers on several comparatively minor Russian amendments to the Canadian resolution". Later in the same text it is stated that "the other three Western powers also were studying Vyshinsky's amendments and the general impression was that the suggested changes would present no difficulties."

157.

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Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 260

New York, October 18, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Our telegram No. 256 of October 16.†

DISARMAMENT — SOVIET AMENDMENTS TO FOUR-POWER RESOLUTION

I met again this morning with Lloyd, Moch and Wadsworth to consider which alternatives to the Soviet amendments the four of us could accept. Agreement was reached that I should see Vyshinsky this morning and suggest to him that the sponsors would be willing to put out a re-draft of our resolution, including the USSR as co-sponsor, on the following basis:

(a) To refer in the title of the resolution to the Soviet item as they proposed;

(b) To have paragraph 1(A) read: "The regulation, limitation and major reduction of all armed forces and all conventional armaments";

(c) To accept the Soviet re-draft of paragraph 1(C);

(d) To amend paragraph 2 as follows:

"*Requests* the Disarmament Commission to seek to find an acceptable solution of the disarmament problem, taking into account the Anglo-French proposals of 11 June, 1954 (DC/SC.1/10); the draft resolution of the U.S.S.R. of October 8, 1954 (A/C.1/750) providing for the conclusion of an appropriate international convention, to be based on the Anglo-French proposals; the United States working paper of May 25, 1954; and any other proposals with the Commission's terms of reference".

2. During this morning's meeting of the First Committee, I saw Vyshinsky in a private room next door and put the western proposal to him in writing. He said that he would have to consider it and would try to let us know in one or two days. The Soviet amendments were, he said, aimed principally at two points:

(a) The deletion of the words "regulation, limitation and balanced" from our paragraph 1(A); and

(b) The inclusion of a reference to the Soviet resolution in our paragraph 2.

3. I pointed out to him that we were agreeing to drop the words "balanced", that the word "regulation" was charter language (Article 26) and that the Soviet delegation had previously not objected to this form of words when it had been used in assembly resolutions (e.g. those of April 8 and November 28, 1953). I added that we had agreed to include a reference to the Soviet resolution in paragraph 2 and that I particularly hoped he would not object to our proposed addition to his amendment which had been worked out after careful thought and consultation.

4. After the First Committee had adjourned, Moch told me that he had been speaking to Vyshinsky and that both Malik and Vyshinsky are recommending to Moscow acceptance of our revised amendments.

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Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 285 New York, October 19, 1954

SECRET. IMMEDIATE.

Reference: Our telegram No. 260 of October 18.
Repeat Washington No. 59.

DISARMAMENT — VYSHINSKY'S REPLY

Immediately following Selwyn Lloyd's farewell reception this evening, we received a telephone call asking whether I could receive Mr. Vyshinsky tonight. We met at 9 p.m. in Johnson's apartment.

2. Vyshinsky began by regretting the delay in replying to our counter amendments to his amendments to our draft resolution by explaining that consultation with Moscow had taken time. He said that he appreciated the substantial concessions we had made to meet his point of view and accepted our revised version with the exception of paragraph 2. On this he accepted our suggestion of adding "and any other proposals within the Commission's terms of reference". However he could not accept reference to the United States working paper of 25 May, 1954. He also wanted to insert after the words "Anglo-French proposals of June 11, 1954" the phrase "to which the United States agreed".

3. He said that this was meeting us half-way and he hoped that we could accept paragraph 2 reading as follows:

"*Requests* the Disarmament Commission to seek an acceptable solution of the disarmament problem taking into account the Anglo-French proposals of June 11, 1954 (DC/SC.1/10) to which the United States agreed; the draft resolution of the U.S.S.R. of October 8, 1954 (A/C.1/750) providing for the conclusion of an adequate international convention to be based on the Anglo-French proposals; and any other proposals within the Commission's terms of reference."

4. Vyshinsky made it very clear that his government could not repeat not accept the United States working paper to which, he said, they took exception both in principle and detail. He said there were parts they could accept but they could never, for example, agree to a provision that the control organ would have the right to make aerial surveys.

5. Naturally we pointed out to Vyshinsky that the phrase "taking into account" did not involve a general Assembly blessing as would such language as "based on".

Though we assured ourselves that there was no mistranslation on this point, he insisted that for a sponsor specifically to request that the sub-committee take a certain document into account would involve a high degree of responsibility for that document's contents. It would be "dishonest" for the Soviet Government to give any such blessing to a paper of which they could not accept even half.

6. We pointed out that if specific reference in this paragraph to a document implied approval rather than a mere readiness to consider and discuss, then we would not have been able to accept a reference in this paragraph to the U.S.S.R. draft resolution of 8 October, 1954, with several features of which we and our associates were definitely not in agreement. Vyshinsky insisted that this resolution was in a different position than the American paper because it took the Anglo-French proposals as a basis.

7. We tried out phrases such as "taking into consideration", "noting", "bearing in mind", etc. etc., all to no avail. We also suggested reversion to our original language for paragraph 2, which omits reference to both the Soviet resolution and the American working paper, referring only to the Anglo-French proposals "which have been accepted by the U.S.S.R. as a basis for an international disarmament convention". Vyshinsky could not accept this. As far as his government was concerned, there had to be reference to the Soviet resolution and not to the American control paper.

8. We suggested to Vyshinsky having the paragraph refer to the Anglo-French proposals, the U.S.S.R. draft resolution, and to "working papers or proposals submitted or to be submitted on the functions and powers of a control organ, and any other proposals . . ."; and for a moment or two Vyshinsky and Soblev seemed to hesitate on this but then replied that they could not accept reference to past working papers on this subject as this would refer exclusively to the American document.

9. I then told Vyshinsky that I could not understand the logic of his position. He said he was willing to include reference to "any other proposals within the Commission's terms of reference"; the American working document was unquestionably within the terms of reference, (he agreed), and therefore was covered by this language. Why then could it not be mentioned specifically? Vyshinsky replied that the sponsors could not be held accountable for the contents of "any other proposals" not specifically mentioned.

10. I asked Vyshinsky whether, if his language were accepted, he would agree that the sub-committee could discuss the American working paper on an international control organ. He said that that would be for the Disarmament Commission or sub-committee to decide. When I pressed him, he made it pretty clear that he would vote against such consideration, but implied that he would accept being outvoted.

11. After about an hour and a quarter of arduous exploration to try to find some basis of agreement, we both recognized that nothing more could be done tonight. I undertook to discuss the matter with my co-sponsors, and we both agreed to think things over. On this note Vyshinsky left.

12. Though his office's request for an interview came only after Lloyd's reception at the beginning of the evening, a remark there had given me the impression that Vyshinsky felt he had bad news. As I reported the day before yesterday, Jules

Moch told me then that Vyshinsky and Malik had stated to him that they had recommended that Moscow accept our counter proposals. All in all, it seems pretty clear that Vyshinsky has been over-ruled by his government, and it is now unlikely that he can budge.

13. Naturally I am disappointed. Tomorrow morning I shall report the situation frankly to our co-sponsors, the United States, the United Kingdom and France at a meeting which I have called for 9.30. I expect that the Americans will be unable to accept deletion of the reference to their control paper, though Moch will urge it and be restive over the discipline implied in his commitment to co-sponsor.

14. My disposition is to recommend that despite Soviet refusal to co-sponsor, we revise our resolution on the three points which the Soviet Union would accept, and incorporate the compromise language which we have been prepared to accept for the title, paragraphs 1A, 1C and paragraph 2. I might then appeal to Vyshinsky still to reconsider and co-sponsor, and express the hope that if he cannot do this, he will at least be able to vote for our resolution as a whole while making his own delegation's views clear, on the record, about the United States working paper.

15. If we follow this course, I would propose, after the required final discussion with Vyshinsky, to explain to the First Committee, more in sorrow than in anger, the various steps we have taken to meet the Soviet viewpoint in order to satisfy the desire expressed in the Committee for an unanimous resolution. Vyshinsky told me this evening that he did not propose to speak until Friday; we therefore have a day or two to see whether any alternative wording can still be worked out to achieve five-power sponsorship. But it seems to me that the inclusion of the United States working paper is now likely to be a sticking point on both sides. Meanwhile I shall urge on my associates here that we say nothing of this to the press.

16. I had hoped that despite the dangers of creating unwarranted optimism, we could have secured Soviet co-sponsorship on our resolution. We have certainly made every effort to make this possible, first by urging all reasonable concessions and moderation on our associates, and tonight by doing all we could to thrash out with Vyshinsky every line that gave even the slightest appearance of agreement. Our efforts thus far have kept the French delegate in the same camp with the Americans, the British and ourselves, despite a very wide divergence of motives. (Moch told me yesterday in confidence that if Vyshinsky agreed to co-sponsor our resolution as he then confidently expected, Moch would immediately wire Mendes-France urging on him a two months' delay in any steps to debate ratification of France's agreement for German rearmament.) Though we cannot be too confident that Moch will remain with us, nevertheless it seems unlikely that the French Government would concur in a breach with their three co-sponsors now. Moreover the issue on which negotiations with Vyshinsky have broken down is one on which a stand can be taken which will be thoroughly defensible to public opinion in Western Europe as in this hemisphere. For the real difference between the two positions remains essentially the question of control.

159.

DEA/50189-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 290 New York, October 20, 1954

SECRET. IMMEDIATE.

Reference: My telegram No. 285 of October 19.
Repeat Washington No. 60.

DISARMAMENT

At an informal four power meeting this morning I gave Moch, Wadsworth and Selwyn Lloyd an outline of my conversation with Vyshinsky last night. Wadsworth stated that his instructions were not to accept a revision of paragraph 2 which referred specifically to the Soviet proposals and did not include a specific reference to the United States working paper. He said, however, that he would still be agreeable to a formula which did not specify explicitly any of the various proposals.

2. We then, at Moch's suggestions, agreed to try out on Vyshinsky the following compromise text for paragraph 2.

"*Requests* the Disarmament Commission to seek an acceptable solution of the disarmament problem, taking into account the various proposals referred to in the preamble of this resolution and any other proposals within the Commission's terms of reference."

3. It was decided that I should see Vyshinsky this morning. Bearing in mind his insistence last night on the inclusion of reference to the Soviet proposals, I am not optimistic as to the outcome but I do feel that a refusal by Vyshinsky on this point will leave the onus for the failure of our efforts for five power co-sponsorship on him.

4. As for the future of our resolution, in the event that Vyshinsky does not accept the above suggestion, it was agreed at the meeting that we should table a revised text of our resolution, incorporating those amendments which have been accepted by the Soviet Union and ourselves, leaving paragraph 2 in the form which Vyshinsky refused to accept last night. On behalf of the four western co-sponsors I would give the committee an explanation of these revisions.

DEA/50189-40

160.

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 163 Ottawa, October 20, 1954

SECRET

Repeat Paris No. 579.

DISARMAMENT

The United States Embassy here has shown us a copy of a telegram despatched from Washington to the United States Embassy in Paris in which grave doubts are cast on M. Moch's good faith in the current four-power and five-power negotiations on disarmament.

2. What is objected to is not the fact that M. Moch has taken up different views on particular issues which have arisen over the past week or ten days from those held by the United States, but that he has been not wholly frank with his Western partners in the matter of his own contacts with Vyshinsky. The message makes the point that on a number of occasions M. Moch has clearly had an advance indication of Soviet intentions with respect to the disarmament resolution and that in fact he knew the substance of the Soviet amendments before they had been transmitted to the other Western powers concerned by Mr. Vyshinsky. The implication of the message is therefore that he has been "free wheeling" with respect to the disarmament question and not playing the game entirely according to Hoyle.

3. While the United States Embassy in Paris has not been asked to pass on these doubts and misgivings to the French authorities, they have been asked to ensure that instructions are sent to Moch which would serve to bring his actions at the Assembly more closely in line with what are presumed to be the intentions of the French Government and the concerted policy of the three Western Powers concerned.

4. While we are fully aware of Moch's general attitude to disarmament and his anxiety to seek solutions, we felt it necessary to say that in all the recent public statements which he had made in New York, he had been as critical of the Soviet proposals as anyone else, (reference his "twenty questions" speech), and that we ourselves had had no evidence either that he was not acting in good faith or that his contacts with the Soviet Delegation in New York were out of the ordinary given his intense interest in this subject.

5. We are not required and we do not intend to take any action. For our own information, however, we should welcome any comments which you might wish to make on the basis of your experience of negotiations with M. Moch. Needless to say, the United States approach to us in this matter should not repeat not be discussed with any other delegation.

161. DEA/50189-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 165 Ottawa, October 20, 1954

SECRET. IMMEDIATE.

Reference: Your telegrams Nos. 285 and 290 of October 19.
Repeat Washington EX-1925.

DISARMAMENT

Following from Holmes: In the absence of the Minister and temporarily of the Under-Secretary the following are the views of the Officers concerned:[32]

2. It would seem that if Vyshinsky rejects the compromise text given in para. 2 of your No. 290, every possibility of reaching agreement with the Russians on the question of co-sponsorship will have been explored to no avail and, as you suggest, the onus of the failure will be on the U.S.S.R.

3. In these circumstances we think the procedure outlined in para. 14 of your 285 and para 4 of your 290 is a good one. This should enable it to be emphasized with advantage that Canada is, as always, ready to make every effort to reach mutually acceptable compromises with the U.S.S.R. on the disarmament question. At the same time the narrowing of the differences to the one outstanding point on which agreement cannot be reached, should afford an opportunity of focussing public attention on the fact that this point, which may seem small in relation to our procedural resolution, is in reality of the utmost basic importance to the fundamental disarmament problem since it concerns the question of control. We believe that it is difficult to over emphasize that the Soviet wariness in this respect seems to underline their continued reluctance to accept the kind of authoritative and workable control system which the Western countries are prepared to accept as the only practicable means of insuring the success of any disarmament scheme.

4. It would seem desirable to make a special effort to make this clear to Menon whose proposed amendments, which will presumably now be submitted, may tend to minimize the full import of the Soviet intransigence on the question of control.

5. Disappointing as it will be if Vyshinsky cannot co-sponsor the Canadian resolution, there is some consolation in the knowledge that you have reached a sound position, from the West's point of view, on which to break off the negotiations with him. In any case, if Moch's intention is to consider the comparatively unimportant question of co-sponsorship of our procedural resolution as somehow being a signif-

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[32] Pearson se trouvait à une conférence en Europe pour discuter de sécurité et de l'intégration de l'Europe. Voir le chapitre 3, 4e partie.

[32] Pearson was at a conference in Europe to discuss security and European integration. See Chapter 3, Part 4.

icant approach towards agreement on disarmament and accordingly to urge his Government to relate Five Power sponsorship to the extraneous question of French ratification of the agreements on German rearmament, it may be fortuitous that Soviet co-sponsorship is unobtainable. While it is hard to believe that the French Government would agree to any proposal of this kind along the lines of para. 16 of your message No. 285, it would be unfortunate if a strong plea from Moch should muddy the waters and increase the hesitancy that impedes French ratification. In addition, you will have noted from our telegram No. 163 that the personal position of Moch is itself cause for some anxiety. As you know our fundamental purpose is to maintain Western unity on disarmament and we would hope that whatever Vyshinsky may do with respect to co-sponsoring our resolution will not have the effect of further weakening the bond between Moch's viewpoint and that of the other Western representatives.

5. Our message No. 163 has been repeated to the Minister in Paris, and he has also being sent a summary of this telegram and your Nos. 285 and 290.

162. DEA/50189-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 295 New York, October 20, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: My telegrams No. 285 of October 19 and No. 290 of October 20. Repeat Washington No. 61.

DISARMAMENT — VYSHINSKY AGAIN

After this morning's meeting of the First Committee I saw Vyshinsky again, this time in the offices of the Soviet delegation, and put to him the alternative wording of paragraph 2 which had been worked out this morning among the four western co-sponsors. I impressed upon him that it had taken a considerable effort to arrive at this counter-proposal and I urged him to let us know if possible today whether he could accept it and agree to co-sponsor the revised resolution.

2. Vyshinsky saw at once that the final paragraph of the preamble would then define the proposals which the Disarmament Commission and the sub-committee would have to take into account. He made the personal suggestion that the following words might be added to this final paragraph of the preamble "to be based on the Anglo-French proposals of June 11". But when I hesitated he said he did not think he should press his suggestion, at least "not yet".

3. You may well wonder why I hesitated. This was an act on my part. After our meeting this morning with the other three, I was having coffee with Wadsworth and I said to him that in the revised draft (which I was shortly to be showing Mr.

Vyshinsky) we had not mentioned the Anglo-French proposal. This, at first, disturbed him, as it did me. On reflection we both realized, however, that in the Soviet resolution reference is made to the desirability of "a convention on the basis of the French and United Kingdom proposals of June 11". The result is of course that, if Mr. Vyshinsky accepts our latest draft, there would be no going back on the Anglo-French memorandum as a basis for discussion. Later I talked to Lloyd about our failure to mention the Anglo-French memorandum specifically. He was not upset though I have reason to believe his advisers do not share his view.

4. I thought if I acceded too readily to Mr. Vyshinsky's suggestion I would be without any bargaining position whatsoever. I indicated that the draft which I had presented to him was not easily arrived at and if he was going to keep on making suggestions he would make our position difficult. I think he understood and I hope he believed me.

5. As you may imagine, I was therefore really pleased when he suggested we should add the words "to be based on the Anglo-French proposals of June 11". After I saw Vyshinsky I sought out Wadsworth. He was enthusiastic and said of course we must accept this suggestion. The French agreed too, so Moch told me as I hurriedly descended the escalator to get away from this madness.

6. Vyshinsky said he would "telephone Moscow" and try to let me have a reply this evening at the Ukrainian delegation reception. I remarked that at the end of our conversation yesterday evening I had not had much hope of five power sponsorship, but now had more. Vyshinsky replied that he had hopes but was not "full of hope". However, I have the impression that he will try to secure his government's agreement to co-sponsor on the basis of our further revision of paragraph 2 which avoids the problem of mentioning specifically the United States working paper by referring to the preambular reference to the disarmament sub-committee's report (including both the Anglo-French and the United States papers) and the Soviet resolution of October 8.

6. A few minutes after we had advised our three associates of Vyshinsky's reaction, Hamilton of the *New York Times* had the full story of developments last night and this morning — not, I may say, from us.

7. Since it seems to be impossible to keep any of these negotiations from the press and in view of the *New York Times* editorial this morning which criticizes the United States delegation for being too conciliatory in the disarmament negotiations, I think the sooner matters are brought to a head and fully explained the better. I hope, therefore, if I hear from Vyshinsky this evening, to speak in the First Committee tomorrow morning and to announce either Soviet co-sponsorship of our revised text or the reasons why their co-sponsorship could not be obtained. At the same time, of course in consultation with our co-sponsors, I think we should bring out a revision of our draft resolution incorporating what we can of the Soviet amendments as agreed among the four delegations this morning (our telegram No. 290).

163. DEA/50189-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 846 Paris, October 21, 1954

SECRET. MOST IMMEDIATE.

Reference: Telegrams Nos. 583 and 585 of October 20 and 21.†
Repeat Candel New York No. 168.

DISARMAMENT

Please pass the following message to the Honourable Paul Martin from the Minister, Begins: I have been reading with great interest telegrams regarding your untiring efforts to arrange for Soviet co-sponsorship of the disarmament resolution.

2. It would have been unfortunate if Russia had been given no opportunity for such co-sponsorship, but I would not myself worry if after the effort has been made she is not able to join the other four, and I do not think that the effort should be continued to a point where it would cause trouble between us and the United States. I am strengthened in this view by the information that Moch might counsel delay in Paris on ratification of the London agreements if the Soviets sponsor our disarmament resolution.

3. I think that you have done everything you possibly could, and that if the effort should now fail, you have no reason for either reproach or discouragement. My original worry was not so much that Russia was not a co-sponsor as that she might complain that no opportunity had been given to her to participate with the others in this resolution. Ends.

164. DEA/50189-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 313 New York, October 21, 1954

SECRET. MOST IMMEDIATE.

Reference: Your telegram No. 168 of October 21.
Please pass the following message immediately to Mr. Pearson in Paris from Mr. Martin, Begins: Thank you for your thoughtful telegram of the 21 of October which I greatly appreciate. We too have had the feeling during the past two days that quite sufficient effort has been made to obtain Soviet co-sponsorship.

2. We do not yet know whether they will decide to co-sponsor or not, but we will not be unhappy either way. The important thing has been to make all reasonable efforts to allow them to join in co-sponsoring our essentially procedural resolution because that course seemed intrinsically right. It also seemed best calculated to maintain French-American unity in this field and to obtain or retain the sympathetic support of world opinion for the Western stand on the disarmament problem.

3. If Russia does decide to co-sponsor, we will of course take steps in our statement to show the situation in perspective and to emphasize that facile over-optimism would be fatuous and could be dangerous. If, on the other hand, the Soviet Union refuses to co-sponsor despite our considerable efforts, then the issue between us and text of the resolution will have been narrowed and pointed up, focussing on the all-important question of control.

4. Incidentally, I would not wish you to think that we have, during the past few days, had to put pressure on the Americans. This was the case on October 14, when the State Department instructions were against even considering any Soviet suggestions for revision of our resolution. The rather strong line we took then seemed necessary to prevent an open United States-French break. Since that date, however, the Americans have seen considerable advantage in being conciliatory, and have at times been prepared to go somewhat further than has seemed to us wise. For example, in paragraph two of our draft resolution, the Americans, British and French were at first prepared to have us offer Vyshinsky a wording which would instruct the Disarmament Commission to take into account specifically the Anglo-French memorandum, the Soviet resolution "and other proposals", without any specific reference to the United States Working Paper on control machinery. It was at Canada's suggestion that reference to this United States paper was included. This matter of giving the same reference in paragraph two to the United States Working Paper as to the Soviet resolution has so far proved the sticking point with the USSR, but all our co-sponsors are in the event satisfied that the four of us have been right to insist on this point, and that if it proves the issue on which our co-sponsorship efforts toward the Soviet Union fail, then the Western position will be readily defensible and will be supported by the overwhelming majority of the assembly.

5. All in all, this has proven a very interesting exercise. Incidentally, one of the benefits it has yielded has been to bring about extremely close and confident relations between the United States delegation and our own — closer than has previously existed since the Republican administration has taken over. All of us have formed the highest opinion of Jerry Wadsworth. As far as we can see there is significantly more divergence between Pentagon thinking and that of the United States delegation here, than between the United States and Canadian delegations.

6. I hope I have not fumbled, but I do want you to know how much I appreciate and value what David, Arnold and Jim George have done. Personal regards. Ends.

165. DEA/50189-40

Le secrétaire d'État aux Affaires extérieures à l'ambassade en France

Secretary of State for External Affairs to Embassy in France

TELEGRAM 593 Ottawa, October 22, 1954

SECRET. IMMEDIATE.

Repeat London No. 1655; Candel New York No. 172.

DISARMAMENT

Following for the Minister from Under-Secretary, Begins: My immediately following telegram repeats the text of telegram No. 290 from the Delegation in New York indicating that agreement had been reached by the four powers to try out on Vyshinsky the compromise text set forth in paragraph two of the Delegation's telegram No. 290 of October 20.

2. We have just heard by telephone from New York that M. Moch had informed our Delegation that Vyshinsky had agreed to this compromise text. This now removes the last basis of difficulty so far as five-power co-sponsorship is concerned, and in view of the importance that will be attributed to the Soviet agreement, it is likely that the Soviet Delegation will take early action, possibly today, to make its concurrence known.

3. This raises the question for our side of seeing to it that this co-sponsorship by the Soviet Union is placed quickly and carefully in its proper context. Mr. Martin is present today in London, Ontario where he is receiving an honorary degree, and we have been in touch with him. His view, which is strongly supported by the United States and the United Kingdom Delegations in New York, is that Mr. Johnson should be prepared in the Assembly to speak on behalf of the Western powers if this subject comes up this afternoon, and we are proceeding on these lines.

4. As you well know, we have been careful to emphasize throughout this exercise the importance of ensuring that the importance of Soviet co-sponsorship is not over-played. The Delegation, therefore, will do its best to try to make clear that what is now involved is merely agreement on the terms of a procedural resolution to study the problem of disarmament in the Sub-committee and that this procedural step should not be confused with agreement on any substantial disarmament programme, the possibility of which can only be determined by future developments and by a further detailed exploration of Soviet intentions.

5. We do not dismiss the possibility that M. Moch will see more in Soviet co-sponsorship than the facts justify, and for this reason in the event that you may be called upon in Paris to comment on the significance of Soviet co-sponsorship of the four-power resolution, you will no doubt wish to take what steps are open to make the position clear.

166.

DEA/50189-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 317 New York, October 22, 1954

IMMEDIATE

DISARMAMENT

Following is text of five power resolution tabled this afternoon as Document A/C.1/752/REV.2. Text Begins:

The General Assembly,

Reaffirming the responsibility of the United Nations for seeking a solution of the disarmament problem,

Conscious that the continuing development of armaments increases the urgency of the need for such a solution,

Having considered the fourth report of the Disarmament Commission of 29 July 1954 (DC/53 and DC/55), and the documents annexed thereto, and the Soviet draft resolution (A/C.1/750) concerning the conclusion of an international convention (treaty) on the reduction of armaments and the prohibition of atomic, hydrogen, and other weapons of mass destruction,

1. *Concludes* that a further effort should be made to reach agreement on comprehensive and co-ordinated proposals to be embodied in a draft international disarmament convention providing for:

(a) The regulation, limitation and major reduction of all armed forces and all conventional armaments;

(b) The total prohibition of the use and manufacture of nuclear weapons and weapons of mass destruction of every type, together with the conversion of existing stocks of nuclear weapons for peaceful purposes;

(c) The establishment of effective international control, through a control organ with rights, powers and functions adequate to guarantee the effective observance of the agreed reductions of all armaments and armed forces and the prohibition of nuclear and other weapons of mass destruction, and to ensure the use of atomic energy for peaceful purposes only;

(d) The whole programme to be such that no state would have cause to fear that its security was endangered;

2. *Requests* the Disarmament Commission to seek an acceptable solution of the disarmament problem, taking into account the various proposals referred to in the preamble of this resolution and any other proposals within the commission's terms of reference;

3. *Suggests* that the Disarmament Commission reconvene the sub-committee established in accordance with paragraphs 6 and 7 of General Assembly resolution 715 (VIII);

4. *Requests* the Disarmament Commission to report to the Security Council and to the General Assembly as soon as sufficient progress has been made.[33] Text Ends.

SUBDIVISION IV/SUB-SECTION IV

UTILISATION PACIFIQUE DE L'ÉNERGIE ATOMIQUE
PEACEFUL USES OF ATOMIC ENERGY

167. DEA/14001-2-1-40

Note du chef du Comité consultatif sur l'énergie atomique pour le premier ministre, le ministre de la Production pour la défense, le ministre de la Défense nationale et le secrétaire d'État aux Affaires extérieures

Memorandum from Chairman, Advisory Panel on Atomic Energy, to Prime Minister, Minister of Defence Production, Minister of National Defence and Secretary of State for External Affairs

SECRET [Ottawa], January 6, 1954

PRESIDENT EISENHOWER'S PROPOSALS ON ATOMIC ENERGY

The Advisory Panel on Atomic Energy* met on January 5, 1954, to explore the implications for Canada of President Eisenhower's proposal that a new international agency to further the peaceful uses of atomic energy and related material should be established,[34] and to prepare for your consideration some suggestions as to action and policy which might be followed by representatives of the Canadian Government during the next few months, when methods of implementing the proposals are being discussed between the countries concerned.

* The membership of the Advisory Panel on Atomic Energy is as follows:
The Secretary to the Cabinet (Chairman)
The President, Atomic Energy Control Board
The Under-Secretary of State for External Affairs
The Chairman, Defence Research Board
The President, Atomic Energy of Canada, Limited
Mr. G.C. Bateman
Also present at the meeting of January 5, 1954, were the Chairman, Chiefs of Staff, and the Canadian Ambassador to the United States.

[33] La résolution a été adoptée à l'unanimité par l'Assemblée générale le 4 novembre 1954.
The resolution was adopted by the General Assembly on November 4, 1954 in a unanimous vote.

[34] Voir/See United States, Department of State, *American Foreign Policy, 1950-1955, Basic Documents*, Volume II, Washington: Department of State, 1957, pp. 2798-2805.

2. In preparing this report the Panel took into account the information contained in the attached telegrams† dated December 16, December 24 and December 30, 1953, from our Ambassador in Washington. These telegrams, in addition to giving useful information on current American ideas on the implementation of the plan, also point out that United States officials would welcome any Canadian suggestions, particularly in the immediate future while their own views were still fluid. The Panel also noted the attached telegram dated January 4, 1954,† from our High Commissioner in London, which indicated that the United Kingdom authorities are only just getting around to a serious study of the problem.

3. In view of the public statements made by the Prime Minister and the Minister of Defence Production immediately after the President's speech of December 8, and because of the coincidence of the Eisenhower proposals with the general aims of Canadian policy, the Panel has assumed that the Canadian Government will wish to support the United States Government in their endeavour.

4. After careful consideration of President Eisenhower's plan, and the factors, so far as they are known at present, which might be expected to affect Canadian participation in it, the Panel believes that the Government might proceed as follows:

(a) that the Canadian Government should endorse the general idea of an international agency to facilitate the development of the peacetime uses of atomic energy, as suggested by President Eisenhower in his speech of December 8, 1953, to the United Nations General Assembly, and in doing so should accept the implicit obligation to make contributions to the agency on a basis to be negotiated when the requirements are known;

(b) that the Secretary of State for External Affairs should be authorized to instruct the Canadian Ambassador in Washington and the High Commissioner in London to inform the United States and United Kingdom authorities of this fact and of the views outlined in the following sub-paragraphs;

(c) that it would seem desirable for the proposed international agency to be associated with the United Nations, probably as a "specialized agency"; (It will be important, however, to insure that in determining its policies and programme, the views of the important contributing powers have appropriate weight. One way of accomplishing this would be to follow the precedent set when the International Monetary Fund was established and include some system of weighted voting. Another method might be to have an executive council composed of permanent members representing the important contributing nations, and elected members representing the other countries.)

(d) that the following suggestions regarding the scope and nature of the proposed agency be given to the United States and United Kingdom authorities for their consideration:

(i) The agency should secure uranium and fissionable material from countries supporting and contributing to it; should itself hold only small stocks of such material, but be in a position to draw upon the stocks held by contributing nations up to the amounts pledged. Such stocks held for it by contributing countries would be segregated and subject to its inspection.

(ii) The agency should supply on a rental or sale basis, but subject to its continued inspection and control, uranium and fissionable materials for the establishment of power and research reactors by countries willing and able to establish and operate such reactors with the help of the agency.

(iii) The agency should be given the duty, in addition to furnishing of materials, of arranging for the provision of professional and technical services in the construction and initial operation of power and research reactors to those countries capable of making effective use of such services.

(iv) The agency should, in due course, in co-operation with other agencies assisting in the development of under-developed countries, make available atomic materials and technical assistance for the building of atomic power plants in under-developed countries, when the technology of such plants has advanced to the stage where this is practical.

(v) The agency should be enabled to finance the sale on credit or rental of uranium and fissionable materials provided to recipient countries as described, but should not provide other capital required for the construction of reactors, leaving this role to the recipient nation itself or to other institutions, including the International Bank and any agencies engaged in assisting economic development of other types. Payment by recipient nations might be in materials of use to the Agency in lieu of money.

(vi) The Agency should not itself construct, own or operate atomic reactors, but might conceivably undertake certain key processing work if this contributed to the more effective control of fissionable materials furnished to recipient nations.

(e) that it is important for a clear understanding to be reached between those likely to be the principal contributing powers (other than Russia) before getting involved in discussions with other countries or in the Disarmament Commission; for this reason it would be desirable for informal discussions to commence forthwith between the countries represented on the Combined Policy Committee that deals with atomic energy matters (i.e., the United States, United Kingdom and Canada); in any event, Canada, as an important potential contributor, would wish to be consulted before any firm proposals were put forward to countries other than those represented on the Combined Policy Committee.[35]

R.B. BRYCE

[35] Approuvé par les quatre ministres le 14 janvier 1954./Approved by the four Ministers on January 14, 1954.

168.

DEA/14001-2-1-40

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

SECRET

[Ottawa], January 28, 1954

PRESIDENT EISENHOWER'S PROPOSALS ON ATOMIC ENERGY

I thought it might be useful, prior to your departure on your trip around the world,[36] if I gave you a brief report on the developments since President Eisenhower made his proposals on atomic energy to the General Assembly of the United Nations last December. A copy of this memorandum is included in the handbook which is being prepared for your use en route.

2. You will recall that the Advisory Panel on Atomic Energy recommended certain actions and policies which might be followed by representatives of the Canadian Government during the next few months when methods of implementing President Eisenhower's proposals are being discussed between the countries concerned. A summary of the Panel's proposals regarding the nature of the proposed international agency to administer the plan is attached as Appendix "A".†

3. As a consequence of your approval of the report, our High Commissioner in London and our Ambassador in Washington were instructed to inform the United Kingdom and United States Governments of the Canadian suggestions. In addition, they were directed to state that in the view of the Canadian Government it was important for a clear understanding to be reached between those likely to be the principal contributing powers (other than Russia) before getting involved in discussions with other countries or in the Disarmament Commission; for this reason, Canada as an important potential contributor, would wish to be consulted before any firm proposals were put forward to countries other than those represented on the Combined Policy Committee (i.e. the United States, the United Kingdom and Canada).

4. Subsequently the French Embassy in Ottawa was advised informally of the nature of the Canadian views regarding the possible form of the proposed international agency, but was not informed of Canadian views regarding procedure for the negotiations.

5. Just before he left for the Conference of Foreign Ministers, Mr. Dulles had two meetings with Zaroubin, the Soviet Ambassador in Washington. In the course of these meetings Zaroubin indicated Russian agreement with the U.S. view that diplomatic channels be employed to begin with for confidential consultations, it being understood that subsequently discussions might be moved to the Disarmament Commission. Zaroubin added that the necessity for bringing other representatives into the consultations could be considered later, affirming that such others should

[36] Voir/See Documents 435-442.

be those who had "the principal responsibility for peace and security". The Americans wonder whether this means Communist China.

6. The Soviet Union consented to consideration of President Eisenhower's proposals and the undertaking of negotiations thereon; at the same time the reply stated that the Soviet Government considered it necessary to negotiate simultaneously on the Soviet proposals, that is to say by "rotation". Zaroubin explained this as indicating a meeting one day on the President's proposals, the next meeting the next day on the Soviet proposals, and so on.

7. The U.S. is now contemplating an exchange of memoranda between Dulles and Molotov toward the end of the Berlin meeting.[37] The U.S. memorandum, which would be concerned with the substance of the President's proposals, would be cleared in advance with the United Kingdom and Canada, "probably" with France, and "possibly" with Belgium and South Africa.

8. Both my Department and the U.K. Foreign Office have doubts regarding the U.S. proposal that the discussion of substance with the Russians might in the first instance be pursued through diplomatic channels, and Eden has spoken to Dulles about this at Berlin. Although Dulles reiterated his strong preference for the diplomatic channel, the Foreign Office does not appear to be unduly concerned over the way things are developing, and are assuming that some satisfactory arrangements will be worked out by the time the memorandum on substance is ready for presentation to Molotov.

9. It is probable that matters may develop rapidly in the next two or three weeks. In the event that anything arises which it would be helpful for you to be informed about while you are in Europe I will arrange to have a report sent to you.

L.B. P[EARSON]

169. DEA/14001-2-1-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-328 Washington, March 1, 1954

SECRET. IMPORTANT.

Reference: My letter No. 350 of February 23, 1954.†

PRESIDENT EISENHOWER'S PROPOSALS ON ATOMIC ENERGY

We were given this morning the proposed text of the memorandum to be handed by the Acting Secretary of State to the Soviet Ambassador here. The text is in my immediately following teletype.

[37] Voir/See United States, Department of State, *Bulletin*, Vol. XXXI, No. 797, October 4, 1954, pp. 478-489.

2. The Acting Secretary hopes to deliver this memorandum at the end of this week. If, however, it is impossible for you to reply in time for that, he would consider delaying until early next week. It was, however, indicated to us that any comments expressed would be welcomed more in relation to subsequent negotiations and plans than as amendments of this text.

3. This memorandum has been handed to the United Kingdom Embassy here; it will be handed to the French Embassy today; and will shortly be handed to the South Africans, Australians, and Belgians.

4. It is still intended that negotiations be diplomatic and bilateral. You will note in paragraph III(A)(2) that only the United States and the Soviet Union are mentioned. The State Department have still no defined plan for procedure of negotiations subsequent to their discussions with the Russians.

5. As to the document itself, you will note that it is proposed that the agency is to be set up by treaty and is not to be under the authority of the United Nations. This means that membership would not be confined to members of the United Nations and that there is nothing in the document to prevent Communist China from becoming a member of the Governing Body. This is fully realized by the United States authorities, who believe that if the Soviet Union wish to emphasize the position of Communist China, they will do so, whatever the form of the proposal.

6. With reference to III(B)(2), Arneson said that the word "initially" meant that any material supplied by the agency would remain the property of the agency, but any fissionable material produced by a reactor might become the property of the recipient nation.

170.

DEA/14001-2-1-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-329

Washington, March 1, 1954

SECRET. IMPORTANT.

Reference: My immediately preceding teletype.

PRESIDENT EISENHOWER'S PROPOSALS ON ATOMIC ENERGY

The following is the memorandum referred to, Begins:

OUTLINE OF AN INTERNATIONAL ATOMIC ENERGY AGENCY

The United States Government wishes to submit additional tentative views amplifying the proposals for an International Atomic Energy Agency as presented by the President of the United States to the United Nations General Assembly on December 8, 1953.

I. *The Objectives of the United States Proposals*

The United States proposes that there should be established under the aegis of the United Nations an International Atomic Energy Agency to receive supplies of nuclear materials from participating countries with stocks of such materials to be used for the following objectives:

A. To encourage world-wide research and development of peaceful uses of atomic energy by assuring that engineers and scientists of the world have sufficient materials to conduct such activities

B. To furnish nuclear materials to meet the needs of agriculture, medicine, and other peaceful activities including the eventual production of power.

II. *The International Atomic Energy Agency*

A. The Agency would be created by and derive its authority under the terms of a treaty among the participating nations. To the greatest extent practicable, the treaty should define standards and principles which would govern the Agency in the discharge of its functions.

B. Membership — all signatory states would be members of the Agency.

C. Governing body.

1. The highest executive authority in the Agency should be exercised by a Board of Governors, of limited membership representing governments. In determining the composition of the Board of Governors, it might be desirable to take account of geographic distribution and membership by prospective beneficiaries. It is expected that the principal contributors would be on the Board of Governors.

2. It is suggested that decisions of the Board of Governors generally should be taken by some form of majority vote. Arrangements could be worked out to give the principal contributing countries special voting privileges on certain matters, such as allocations of fissionable material.

D. Staff — the staff of the Agency should be headed by an Administrative Head or General Manager, appointed for a fixed term by the Board of Governors and subject to its control, and, of course, include highly qualified scientific and technical personnel. Under the general supervision of the Board, the Administrative Head should be responsible for the appointment, organization and functioning of the staff.

E. Financing

1. Funds for the central facilities and fixed plant of the Agency and its research projects should be provided through appropriation by the participating states in accordance with a scale of contributions to be agreed upon. It is suggested that it might be possible to utilize the general principles governing the scale of contributions by individual members to the United Nations.

2. Funds for specific projects submitted by member nations to utilize the materials or services of the Agency should be provided by the recipient country concerned through specific arrangements in each case.

F. The Administrative Headquarters of the Agency could be located at a place mutually agreed upon, such as at the seat of the United Nations or Geneva.

G. Relationship to the United Nations and other international bodies — since operations of the Agency may affect the maintenance of international peace and security the Agency should report periodically to the United Nations Security Council and GA, and should report specially as requested by either of these United Nations organs. Necessary action in the Security Council or GA should be decided in accordance with their own voting procedures. The Agency should also consult and cooperate with other United Nations bodies whose work may be related to that of the Agency.

H. The facilities of the Agency would include:

1. Plant, equipment, and facilities for the receipt, storage, and issuance of nuclear materials.

2. Physical safeguards.

3. Control laboratories for analysis and verification of receipts and inventory control of nuclear materials.

4. Necessary housing for administrative and other activities of the Agency not included in the preceding categories.

5. Those facilities, as might in time be necessary, for such purposes as education and training, research and development, fuel fabrication and chemical processing.

III. *Functions of the Agency*

A. Receipt and storage of materials.

1. All member nations possessing stocks of normal and enriched uranium, thorium metal, U-233, U-235, U-238, plutonium and alloys of the foregoing would be expected to make contributions of such material to the Agency.

2. The United States would be prepared to make as a donation, a substantial initial contribution of nuclear material towards the needs of the Agency. The USSR would make an equivalent donation towards these needs.

3. The Agency would specify the place, method of delivery, and when appropriate, the form and composition of materials it will receive. The Agency would also verify stated quantities of material received and would report to the members these amounts. The Agency would be responsible for storing and protecting materials in a way to minimize the likelihood of surprise seizure.

B. Allocation of materials by the Agency.

1. The Agency would review proposals submitted by participating members desiring to receive allocations of Agency stocks in the light of uniform and equitable criteria, including:

a. The use to which material would be put, including scientific and technical feasibility.

b. The adequacy of plans, funds, technical personnel, etc., to assure effective use of the material.

c. Adequacy of proposed health and safety measures for handling and storing materials and for operating facilities.

d. Equitable distribution of available materials.

2. Title to nuclear materials would initially remain with the Agency, which would determine fair payment to be made for use of materials.

3. In order to insure that adequate health and safety standards were being followed, and in order to assure that allocated fissionable material is being used for the purposes for which it was allocated, the Agency would have the continuing authority to prescribe certain design and operating conditions, health and safety regulations, require accountability and operating records, specify disposition of by-product fissionable materials and wastes, retain the right of monitoring, and require progress reports. The Agency would also have authority to verify status of allocated material inventories and to verify compliance with the terms of issuance.

4. Information about all transactions entered into by the Agency would be available to all members.

C. Information and service activities of the Agency.

1. All member nations possessing information relevant to the activities of the Agency would be expected to make contributions from that information to the Agency.

2. In addition to data developed as a result of its own activities, the Agency would have available:

a. Data developed by participating countries as a result of the utilization of the materials, information, services, and other assistance of the Agency.

b. Data already publicly available in some of the countries.

c. Data developed and previously held by principals or other members and voluntarily contributed to the Agency.

3. The Agency would encourage the exchange of scientific and technical information among nations, and be responsible for making wide dissemination of the data in its possession.

4. The Agency would serve as an intermediary securing the performance of services by one participating country for another. Among the specific activities the Agency might provide would be the following:

a. Training and education.

b. Services concerned with developing codes for public health and safety in connection with the utilization of fissionable materials.

c. Consultative technical services in connection with the establishment and carrying on of programs.

d. Processing of nuclear materials (i.e., chemical separation and purification, fabrication of fuel elements, etc).

e. Supply of special materials, such as heavy water.

f. Design and supply of specialized equipment.

g. Special laboratory services such as conduct of experiments and tests.

h. Aid in making financial arrangements for the support of appropriate projects.

Ends.

171.

DEA/14001-2-1-40

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

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-326

Ottawa, March 2, 1954

SECRET. IMMEDIATE.

Reference: Your WA-328 of March 1, 1954 and telephone conversation MacKay-Heeney of March 1, 1954.
Repeat London No. 257; Permdel No. 120.

PRESIDENT EISENHOWER'S PROPOSALS ON ATOMIC ENERGY

Following from the Minister: Unless after consultation with Makins you wish to propose other action, I think you might speak to the State Department along the following lines:

1. The timetable suggested by the State Department would seem to preclude full and effective discussion of the text of the memorandum, particularly in view of the statement in paragraph 2 of your telegram that "any comments expressed would be welcomed more in relation to subsequent negotiations and plans than as amendments of this text". We gave the State Department our suggestions on the implementation of the proposal nearly two months ago and since that time have repeatedly asked for information on U.S. views and for an opportunity to consider and discuss them prior to their presentation to the Russians. Mr. Dulles' aide-mémoire to Mr. Eden, in which he said that the memorandum would be given to the Russians only after the prior concurrence of the U.K., Canada and France as to the essential lines of the plan, reinforced our understanding that there would be an opportunity for consultation in advance. We do not regard the procedure proposed by the State Department as even approximating this understanding. However, we will endeavour to give Canadian views by the time requested.

2. In the meantime we would appreciate being informed of the considerations which led the United States to conclude that the Agency should itself hold the stocks of fissile materials "in a way to minimize the likelihood of surprise seizure" rather than having the donor countries hold the fissile material on behalf of the Agency as we suggested. It seems to us that this feature of the U.S. plan creates a number of problems that our scheme avoided. In discussing this point, you might at the same time seek to obtain U.S. comments on the other aspects of the Canadian plan, particularly where they differ from U.S. views.

172. DEA/14001-2-1-40

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

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-376 Ottawa, March 10, 1954

SECRET. IMMEDIATE.

Reference: Washington telegram WA-329 of March 1, 1954.†
Repeat London No. 300; Permdel No. 145.

DRAFT U.S. MEMORANDUM ON PRESIDENT EISENHOWER'S PROPOSALS ON ATOMIC ENERGY

1. The Advisory Panel on Atomic Energy has made the following observations on the text of the U.S. memorandum as given in your WA-329.[38] You may transmit them to the State Department as the comments of the Canadian Government.

2. The Canadian Government is in agreement with the general lines of the U.S. memorandum but wishes to make the following comments which can be taken into account in subsequent negotiations if the U.S. Government is not prepared to consider revision of the current memorandum. It is desired to emphasize the view of the Canadian Government that it is difficult to comment constructively on a complex memorandum of this nature without having had a prior opportunity to discuss the text with the appropriate U.S. officials in order to appreciate the intentions of the drafters of the document. The Canadian Government wishes to re-affirm its belief that the Combined Policy Committee would provide a useful forum for such exploratory discussions.

General Observations

3. In our view, possibly the most significant and valuable parts of the whole memorandum are those in Sections III C-3 and III C-4 a-h. If the memorandum could be recast to enhance the importance of these proposals we believe it would be greatly strengthened.

4. As stated in our comments of January 6, 1954, we remain of the opinion that the Agency could best accomplish its purpose if it operated primarily as a "broker" rather than as a "banker", as the U.S. memorandum seems to envisage. It seems to us that the U.S. proposal makes necessary a more complicated organization with a much larger staff — and budget — than we believe is desirable, and raises the

[38] Le mémoire a été remis à Zaroubin par Dulles, le 19 mars 1954, à Washington. À l'exception de quelques changements mineurs, le texte qui a été présenté au Canada était identique à la version finale présentée au représentant de l'Union soviétique. Pour le texte intégral du mémoire, voir/ The memorandum was handed to Zaroubin by Dulles on March 19, 1954 in Washington. With the exception of a few small changes, the draft which was presented to Canada was identical to the final version submitted to the Soviet representative. For the complete text of the memorandum, see: United States, Department of State, *Bulletin*, Vol. XXXI, No. 797, October 4, 1954, pp. 480-482.

difficult problem of how and where the Agency is going to hold its stocks of fissile materials "to minimize the likelihood of surprise seizure".

Objectives

5. The objectives outlined in the memorandum seem, in emphasis at least, to differ from our understanding of the original proposals, by accentuating the provision of materials and ignoring the most important ingredient, "knowledge" (our comment in paragraph 3 above refers). In addition, objective B seems to relegate atomic power to the background by lumping it in with a number of other uses apparently connected with radioactive isotopes, which, of course, are already being freely circulated to the rest of the world.

International Atomic Energy Agency

6. We assume from Article II(G) of the United States memorandum that it is intended that the Agency should be a specialized Agency of the United Nations. We entirely concur in this approach since it would provide for close integration of the Agency with the United Nations, which we consider essential, and at the same time enable all present and prospective contributors of nuclear materials to participate in the work of the Agency whether or not they are members of the United Nations. As a Specialized Agency, it would presumably be brought into relationship with the United Nations by means of an agreement between the Agency and the United Nations in accordance with Article 63 of the Charter. The Agency would, nevertheless, have an independent status separate from the United Nations.

7. We are in general agreement with the outline of the Agency contained in Article II of the memorandum (although as stated in paragraph 4 above it would appear that the United States Government has in mind a more complicated organization and larger staff than we had thought would be desirable). Paragraph (C) of Article II would seem to protect the interests of the main contributors. This paragraph, as well as paragraphs (D), (E) and (F) of Article II, seems sufficiently broad in scope to serve as an adequate basis for negotiation.

8. In view of the importance which attaches to a close association of the Agency with the United Nations, it is suggested that the link between the two organizations should be more clearly emphasized in the memorandum. Specific reference to Article 55 of the Charter, which sets out the United Nations purposes in economic, social, cultural and educational matters, could usefully be made in the declaration of objectives and purposes of the Agency. Reference might also be made to other relevant Articles of Chapters IX and X of the Chapter, e.g. Articles 57 and 59 and 60 which would serve to establish in a clear manner the relationship of the Agency to the United Nations.

9. In this connection, it is noted that in Article II (G) of the Memorandum the proposal is made that the new agency should report periodically to the Security Council and the General Assembly. While there are clearly security implications in the work of the proposed agency, it will be borne in mind that Specialized Agencies normally report to the General Assembly through ECOSOC, which would also have an interest in this case in view of the fact that the use of atomic energy for peaceful purposes would conform to the economic and social objectives of the

Charter. The agreement defining the relationship of the new agency to the United Nations could contain such provisions as are appropriate regarding the agency on the one hand and the General Assembly, the Security Council and ECOSOC on the other. End of comments.

10. United Kingdom authorities in London and Washington may be informed of these views. Ends.

173. DEA/14001-2-1-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-476 Washington, March 19, 1954

SECRET

Reference: My WA-424 of March 12, 1954.†
Repeat Permdel No. 68.

PRESIDENT EISENHOWER'S PROPOSALS ON ATOMIC ENERGY

Yesterday Arneson telephoned that he was ready to discuss the United States views on the comments which we had made in our memorandum dated March 11. He indicated that there was no pressing hurry but we made an appointment at the first time convenient to him, which was this afternoon.

2. Just before leaving the Embassy we saw the AP ticker showing that the United States memorandum had already been handed to Zaroubin. We are sending two following telegrams as follows:

(a) Revisions made in the United States memorandum to meet our suggestions and those of the United Kingdom;

(b) State Department press release No. 148 of March 19, 1954.[39]

3. We had a short conversation with Arneson and Wainhouse (who was called in by Arneson to explain the United Nations aspect of the matter). This United Nations aspect, in fact, boiled down to an explanation somewhat as follows: The United States considered a specialized agency but rejected the idea in order to avoid the delay involved in reporting through the Economic and Social Council. It is clear, however, I think from the paragraph as presently drafted that the relationship to the United Nations is general enough to allow for changes as a result of negotiations.

4. We thought that we should take the opportunity now that the memorandum had been presented to the Soviet Ambassador to enquire as to the methods by which the United States consider that subsequent negotiations would be conducted

[39] Pour le texte intégral du communiqué, voir/For the full text of the press release, see United States, Department of State, *Bulletin*, Vol. XXX, No. 770, March 29, 1954, p. 465.

(a) Between the western powers concerned, and
(b) With the Soviet Union.

Arneson said, as he has before, that they have not yet appointed an individual who will be the negotiator and intimated that until this was done, discussions with Canada and other western powers would be deferred. I then expressed as a personal and tentative view that it would be advantageous to make arrangements at an early date for what, I suggested, might be quite complicated discussions on the exact form of the agency, its functions, and relationship to the United Nations. There was some tendency to suggest in reply that the Soviet answer might be such as to make further negotiations with the Soviet Union difficult. They might, for example, well relate the President's proposals to disarmament. I continued to suggest, however, that particularly in view of the fact that it was not clear whether or not the Eisenhower proposal would be pursued even without the Soviet Union, it might well be desirable for officials immediately concerned with this subject to meet and examine the substantive problem in detail, even if that work might be nullified by a later Soviet attitude.

5. I said that I had no specific instructions but that I would ask you if you wished to make some suggestions along these lines, possibly with concrete suggestions as to when and how discussions between western powers should take place. I should add in this connection that the Americans seemed still quite unwilling to use the C.P.C. or indeed, apparently, anything other than bilateral discussions.

6. It is quite clear not only from Arneson's ignorance of the fact that Dulles was today presenting the memorandum to Zaroubin, but also from Arneson's dry comments on the lack of integration between American agencies concerned, that our difficulties here in discussions at this stage continue to exist. I believe, however, that Arneson would welcome some definite suggestion from the Canadian Government as to the desirability and preferably the nature of discussions between the western powers concerned. He would like to transmit this to the Secretary of State and intimated that it might expedite the whole proceeding.

7. I made no direct reference to the form in which substantive negotiations with the Russians might take place, nor did I ask questions. I assume, however, from your previous telegrams on this aspect that you may wish to instruct me to put at least some point of view. There appear to be no American plans in this connection.

8. I should be grateful also if you would inform me whether it would be useful to discuss the present situation with Makins and if so, whether there are particular Canadian views which I might put before him.

9. I have not marked this for repetition to London but you may wish to send it or some short indication of the situation here.

174. DEA/14001-2-1-40

Note du sous-secrétaire d'État adjoint aux Affaires extérieures pour le secrétaire d'État par intérim aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs to Acting Secretary of State for External Affairs

SECRET [Ottawa], May 10, 1954

PRESIDENT EISENHOWER'S ATOMIC ENERGY PROPOSALS

You may recall that on March 19, the United States Government gave a Memorandum to the Soviet Government outlining U.S. views as to how the Eisenhower proposals for the peaceful use of atomic energy might be implemented. The Soviet reply was given to Mr. Dulles by Mr. Molotov in Geneva on April 27. In brief, the Soviet position was that it could not consider the Eisenhower proposals unless there was a prior agreement to prohibit atomic weapons.

2. The United States up to now has treated the substance of the Soviet reply with great secrecy and the text of the Russian Note was given to the Canadian Government only after attention had been drawn to the United States desire to keep it secret. However, this morning's *Montreal Gazette* carries a story from the *New York Times* correspondent in Geneva, dated May 9, giving the substance of the Soviet reply.

3. In anticipation of a possible question in the House, we asked our Embassy in Washington this morning to find out as soon as possible what the State Department proposes to say. The State Department has requested our Ambassador to call and discuss the matter later this morning and we expect to have his report some time this afternoon. In the meantime, if a question is asked in the House, I suggest that you state that you are not at present in a position to comment but that you hope to be able to make a statement later today or tomorrow.

R.M. M[ACDONNELL]

175. DEA/14001-2-1-40

Le chargé d'affaires de l'ambassade aux États-Unis au secrétaire d'État aux Affaires extérieures

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

TELEGRAM WA-1424 Washington, August 18, 1954

TOP SECRET

Reference: Our letter No. 1462 of August 12, 1954.†

PRESIDENT EISENHOWER'S PROPOSALS ON ATOMIC ENERGY AGENCY

The State Department have given us a memorandum, which is copied in our immediately following telegram. Their suggestion is that President Eisenhower should make a speech on this subject in about three weeks. The tentative lines of this speech are: That the Soviet Union has indicated that it would participate only under its own conditions (and that these are unacceptable); that the United States can now go ahead with friendly countries to negotiate a treaty for an agency; that it is hoped that all nations interested in atomic energy will eventually become members; that the United States will hold available a reasonable amount of fissionable material and hopes that other countries will do the same. He would add that the countries involved have been consulted and agree to these general principles.

2. The State Department assume that the process of making a treaty would take time. In the interval they would propose to help individual countries to set up small-scale reactors. They might provide training for nationals of other countries in reactors and might furnish fissionable material on these bilateral arrangements. The points mentioned in this paragraph may also be included in the President's speech.

3. Copies of this memorandum will now be given to the United Kingdom, France, Belgium, Australia, South Africa, and Portugal.

4. The State Department would be grateful for at least a preliminary answer next week. They point out that while this time is short, the memorandum appears to be so close to Canadian original proposals, that it might not require a long period to consider. They would, however, welcome any suggestions in the form of changes, additions, or deletions that you might think important.

176.

DEA/14001-2-1-40

Le chargé d'affaires de l'ambassade aux États-Unis au secrétaire d'État aux Affaires extérieures

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

TELEGRAM WA-1425 Washington, August 18, 1954

TOP SECRET

Reference: My WA-1424 of August 18, 1954.

PRESIDENT EISENHOWER'S PROPOSALS ON ATOMIC ENERGY AGENCY

The following is the text of the memorandum mentioned in telegram under reference, Begins: The United States has considered the situation arising out of the refusal of the Soviet Government to participate in the International Atomic Energy Agency proposed by the President in his speech of December 8, 1953, before the General Assembly of the United Nations.

The United States believes that, even in the absence of Soviet participation, an International Atomic Energy Agency can usefully be formed by the nations willing to support its activities. The program for organizing such an agency should not

delay present plans for bilateral cooperation, under the provisions of section 123 of the Atomic Energy Act as revised.

Early announcement of plans for proceeding with the international agency and with other international cooperative activities is considered desirable.

The International Atomic Energy Agency as it is now conceived would be established by treaty among interested nations. It would be loosely affiliated with the United Nations, the exact nature of the relationship to be subsequently agreed upon. It is expected that the agency will be open to all countries (including the USSR) which accept the objectives and obligations stated in the treaty. Initially, the primary functions of the agency would be to support training and exchange of technical information and services, to encourage cooperation in research, to assist nations wishing to acquire facilities such as small-scale reactors, and in general to aid nations in developing their capability to achieve the peacetime benefits of atomic energy and in particular nuclear power. Nations in a position to do so would make available source or fissionable material for projects approved by the agency, but it is not expected that at the start the agency would hold stocks of fissionable material. The United States is prepared at the outset to hold a reasonable amount of fissionable material at the call of the agency. The operating expenses of the agency would be allocated on an equitable basis to participating countries and costs of projects such as construction of reactors would be borne by the nations in which they are constructed.

The United States foresees that some considerable time may elapse before a treaty can be negotiated and the necessary ratifications obtained. During this period it is planned that the United States will initiate activities of the sort which the agency might, in due course, appropriately take over. Activities of this sort now under study include a training course in reactor engineering, and bilateral assistance in the construction of small-scale reactors abroad (including provision of necessary modest amounts of fissionable material).

The United States requests that the other nations principally involved indicate at an early date if they agree in principle with this general outline for establishing an international agency at this time. Ends.

177. DEA/14001-2-1-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1500 Ottawa, August 26, 1954

TOP SECRET. IMPORTANT.

Repeat London No. 1254; Permdel No. 416.

PRESIDENT EISENHOWER'S PROPOSALS ON ATOMIC ENERGY

The Advisory Panel on Atomic Energy met today to consider the matters covered by your telegrams Nos. WA-1424 and WA-1425 of August 18.

2. The Panel considered that the outline in paragraph 4 of WA-1425 of the concept and method of operation of the International Agency corresponded so closely with Canadian views that there could be no objection to a statement by President Eisenhower that Canada agrees with the general principles. In this connection we would like to know precisely how and when the United States announcement is to be made as the Canadian Government will probably wish to associate itself publicly with the plan.

3. The Panel expressed the hope that the United States announcement will be couched in terms which will not encourage false hopes. A study of the new United States legislation makes it clear that the negotiation of agreements under Sections 123 and/or 124 of the Atomic Energy Act will be a slow process, and when this is coupled with the current state of the art of applying atomic energy to peaceful purposes, it is evident that it will be some time before recipient countries receive significant benefits.

4. The Panel was concerned over the possibility that the President, in his speech, might say that because some considerable time might elapse before the Agency could be established, the United States proposed during this interim period to initiate activities of the sort which the Agency might in due course appropriately take over. The Panel considered that, if at all possible, it would be desirable to avoid public reference to the question of interim arrangements and in particular to unilateral United States plans for such arrangements, at least until an effort could be made to arrive at a *modus operandi* with the other countries capable of launching similar programmes. The Panel felt that the proposal to make interim arrangements gave rise to a number of difficulties, and that little advantage in time would be gained because of the necessity for compliance with Section 123 of the new Act. It seemed to the Panel that if the United States did make such a unilateral announcement, other contributor countries would have to do likewise, and the establishment of bilateral arrangements anticipating the Agency's actions on an unco-ordinated basis between different groups of countries might adversely affect the establishment of the International Agency. Moreover, the announcement might be used by those unfriendly to the United States as a basis for charges that it was attempting to secure a dominant position with respect to the peaceful uses of atomic energy vis-à-vis other countries.

5. The Panel assumed that if the United States should make a bilateral arrangement with another country, e.g. Belgium, it would then presumably proceed to make available to that country classified information now covered by the *Modus Vivendi* of 1948. It was suggested that at some appropriate time you might put this to the U.S. authorities and ask them if they agree with our assumption that if this is so, we would be free to do likewise.

6. The Panel's views are being submitted to Ministers and as soon as approval is obtained we will notify you in order that you may communicate them to the State Department as the views of the Canadian Government. In the meantime we see no

reason why you should not advise the State Department informally of the Canadian reaction to the United States proposals.[40]

178. DEA/14001-2-1-40

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

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

LETTER NO. 1602 Washington, September 9, 1954

SECRET

Reference: Our WA-1542 of Sept. 7, 1954.†

PRESIDENT EISENHOWER'S PROPOSALS ON ATOMIC ENERGY

We were asked to attend yesterday an informal meeting in the State Department to discuss in a preliminary way the project of an international atomic energy agency. In addition to Mr. Gerard Smith and one of his assistants, the only other person present was a representative of the British Embassy. We were given two copies of a "Preliminary Outline of an International Atomic Energy Agency"; one copy of this is attached. It was made clear to us that this paper was a very preliminary one and should not yet be regarded as more than a draft prepared in one office of the State Department.

2. A number of points were brought up in the course of a long meeting and we shall attempt to draw them to your attention under headings:

A. *Procedure for Reaching Agreement on a Treaty or Comparable Document*

(i) The State Department officers asked us whether we thought it would be possible to have at least preliminary and informal conversations between representatives of the United States, United Kingdom and Canada. We all agreed that if this were done, the fact of such conversations would have to remain confidential, as otherwise it would embarrass the State Department in relations with other countries particularly concerned. On the other hand, there are obvious great advantages in three-way study as the first stage. Only the three countries in question have seriously considered and discussed previously the proposed agency and only these three have had in the past close relations with each other on atomic energy matters generally. We made the personal comment that on the whole we saw real advantages in such a procedure, subject to your approval. I should add that Gerard Smith does not yet know whether his own superior officers would approve of what he tentatively suggested.

[40] Le 31 août 1954, le Ministère a informé l'ambassadeur aux États-Unis que les opinions du panel reflétaient la politique officielle du gouvernement du Canada.
On August 31, 1954, the Department advised the Ambassador in the United States that the Panel's views were the official policy of the Canadian Government.

(ii) The countries "principally involved" are made up, as you know, of the following: the United Kingdom, United States, Canada, France, Belgium, Portugal, South Africa, and Australia. These then would be the group which would consider the agency either after it had been worked on by the three, or initially. The question arises as to whether a working party, as suggested by the French, would be desirable. Our own preliminary impression was that the countries other than the three would have fewer comments to make than the three themselves, but that probably it would be necessary to provide some forum in which the matter could be discussed as between all the countries principally concerned. If the three countries had already agreed (though not admitting it), the working party would perhaps tend to have a brief life but have some value in avoiding any hurt feelings. We should be grateful for your comments on this point as well.

(iii) The next question in the procedural field is how to deal with the countries not principally involved, i.e., those other than the eight. No views were expressed on this and the State Department have not yet even a list of what these countries might be.

B. *Relations with the United Nations*

(i) The present intention which has been made known to the press here is that the Secretary of State should in his general statement in the opening period of the General Assembly devote some time to explaining the plan for an atomic energy agency. It is thought that this should be followed up by a more detailed statement by the Permanent Representative in a committee of the Assembly. The present thought is that he would do this on an emergency item in the nature of a report and not directed towards a vote. We were asked what we thought of the above, particularly whether there should be the second report attached to an agenda item.

(ii) There are obviously a series of traps in bringing this subject before the Assembly at all, necessary as that may be. It is almost inevitable, it seems to us, that the Soviet Union will take advantage of this item, however raised, to make their usual speeches on the necessity of banning the bomb and on the unreal and deceptive nature of the President's proposals.

(iii) The State Department plan to give us as early as they can a draft of Mr. Dulles' intended remarks before the General Assembly, presumably for any comments, and later on a final text both of Mr. Dulles' speech and of Mr. Lodge's, if he is to make one.

(iv) We have not yet been given any suggestions on what is perhaps the more important aspect, that is, the continuing relation of the agency to the United Nations. Any suggestions you might have on this would, we are sure, be welcomed. Incidentally, we were told that the Secretary General of the United Nations was informally advised in advance of the President's Labour Day speech and also informed that the Secretary of State would make a further statement in the General Assembly.

C. *Proposed Scientific Conference*[41]

(i) We were told yesterday that Professor Rabi had received a good response in the United Kingdom to his approach on this conference. We were also told incidentally that Mr. Longhair was present at at least some of these discussions. No doubt you will have had some report from Mr. Longhair and if so, perhaps you could let us have a copy. There is in the State Department what looks like a lengthy report by Professor Rabi, and minutes by Sir John Crockroft. We were not given a copy of these documents, perhaps on the assumption that they had already gone to Mr. Longhair.

(ii) There has been some discussion of whether or not it would be desirable to have United Nations sponsorship of the scientific conference. The State Department have the impression that the United Kingdom would favour this. The French view evidently is that sponsorship would be helpful if the Soviet Union was to be encouraged to attend the meeting but that otherwise it would be less helpful. The United States thinking leans now less towards United Nations sponsorship of the atomic energy agency and therefore officials are less inclined to think of United Nations sponsorship of the scientific conference. Gerard Smith personally suggested that the scientific conference might come under the sponsorship of the United Kingdom, United States, and Canada. In answer to a question, he said that he thought there would be no difficulty on the financing of the conference, since the United States Departments could obtain the necessary funds from private sources.

(iii) They are wondering as to the best location of the scientific conference. They would still hope that it could be held in the United States, provided that the immigration difficulties could be overcome.

D. *Subsequent Discussions*

Gerard Smith asked the British Embassy representative and ourselves to meet him again next week, which we agreed to do. He does not, of course, expect any authoritative answers or comments on the various points raised. On the other hand, if there is any guidance which you would care to give us by the middle of next week, we should appreciate having it.

A.D.P. HEENEY

[41] Dans une allocution prononcée devant le Los Angeles World Affairs Council le 19 avril 1954, Lewis L. Strauss, président de la United States Atomic Energy Commission, a fait part de l'intention du président des États-Unis de convoquer une conférence internationale de scientifiques sur l'utilisation pacifique de l'énergie atomique. Voir/
In an address before the Los Angeles World Affairs Council on April 19, 1954, Lewis L. Strauss, Chairman of the United States Atomic Energy Commission, announced the intention of the President to convene an international conference of scientists to explore the peaceful uses of atomic energy. See:
United States, Department of State, *Bulletin*, Vol. XXX, No. 775, May 3, 1954, pp. 659-662.

[PIÈCE JOINTE/ENCLOSURE]

Projet d'une note

Draft Memorandum

SECRET [Washington], September 8, 1954

PRELIMINARY OUTLINE OF AN INTERNATIONAL ATOMIC ENERGY AGENCY

I. *The Objectives of the Agency*

The International Atomic Energy Agency shall have the following objectives:

A. To encourage world-wide research and development of peaceful uses of atomic energy, by assuring that scientists and engineers of the world have sufficient materials for such activities and by fostering the interchange of information.

B. To arrange for nuclear materials to meet the needs of agriculture, medicine and other peaceful activities including the eventual production of power.

C. To conduct its activities in such a manner as to prepare for the time when use of atomic energy for peace becomes the predominant and perhaps the exclusive use of atomic energy.

II. *Organization of the International Atomic Energy Agency*

A. The Agency will be created by and derive its authority under the terms of a treaty or other international arrangement among the participating nations. The treaty will define standards and principles which will govern the Agency in the discharge of its functions, and will state the obligations of the members of the Agency. The treaty will specify procedures for amendment in order to permit the Agency to assume greater responsibilities in the interest of member nations and of world peace.

B. All states which originally ratify the treaty shall become members of the Agency. Subsequently, all applicant states shall be accepted to membership in the Agency and sign the treaty when, in the judgment of the Board of Governors, they have duly accepted applicable commitments regarding the supplying of materials and information for the work of the Agency, provision of financial support, and facilitating open discussion and contacts among scientists engaged in peaceful research activities.

C. Governing Body:

1. The Agency shall be managed by a Board of Governors consisting of nine persons representing governments. The principal contributors of materials shall be represented in the Board of Governors and other representatives shall be elected with due regard for geographical distribution.

2. Decisions of the Board of Governors will be taken by majority vote.

D. Staff — The staff of the Agency shall be headed by an administrative head or general manager, appointed for a fixed term by the Board of Governors and subject to its control. The staff may include highly qualified scientific and technical personnel, though technical advice will in the main come from consultants provided by member nations. Under the general supervision of the Board, the administrative

head shall be responsible for the appointment, organization, and functioning of the staff.

E. Financing:

1. Expenses for the operation of the Agency and for any necessary facilities and fixed plant shall be met by the member states in accordance with a scale of contribution to be defined in the treaty, with provision for modification as new members are added.

2. Funds for specific projects submitted by member nations will be provided by the submitting nations through specific arrangements in each case.

F. The administrative headquarters of the Agency will be located in _____.

G. *Relationship to the United Nations and other international bodies.* In accomplishing its objectives, the Agency will as appropriate consult and cooperate with UN bodies whose work may be related to that of the Agency, and will make reports on its progress and accomplishments to these bodies from time to time. The treaty establishing the Agency will be registered with the United Nations in accordance with Article 102 of the UN Charter. The Agency will cooperate with regional atomic energy organizations (e.g., CERN).

H. The facilities of the Agency shall include:

1. Necessary office space for administrative and related activities of the Agency.

2. Those facilities which may be necessary in connection with the Agency's role in arranging and monitoring the provision of nuclear materials, such as physical safeguards and control laboratories for analysis and verification of receipts and inventory control of nuclear materials.

3. Those facilities which prove necessary in connection with the Agency's activities in fostering research, development, education and training.

4. Those facilities which may prove necessary to provide joint technical services for member nations.

III. *Functions of the Agency*

A. Provision of materials.

1. All member nations possessing stocks of uranium or thorium (in the form of ores, concentrates, metals, or salts), enriched uranium, U-233, plutonium, and alloys of the foregoing will be expected to hold reasonable amounts of such material available for the activities of the Agency.

2. The Agency will arrange and verify shipments of nuclear materials from contributing nations to projects approved by the Agency.

3. The Agency may at a later date have in its custody nuclear materials dedicated to peaceful purposes.

B. Allocation of materials by the Agency.

1. The Agency will review proposals submitted by participating members desiring to receive allocations of materials held available by contributing nations, in the light of uniform and equitable criteria, including:

a. The use to which material would be put, including scientific and technical feasibility.

b. The adequacy of plans, funds, technical personnel, etc., to assure effective use of the material.

c. Adequacy of proposed health and safety measures for handling and storing materials and for operating facilities.

d. Equitable distribution of available materials.

2. Title to nuclear materials may either remain with the supplying nation or pass to the recipient nation. Fair payment shall be made for nuclear materials whether leased or purchased. A supplying nation may elect to require the return of fuel elements for chemical processing.

3. In order to insure that adequate health and safety standards are being followed, and in order to assure that allocated fissionable material is being used for the purposes for which it was allocated, the Agency will have authority to approve and monitor agreements for projects. Where amounts of nuclear materials involved are small, the Agency may adopt minimum monitoring procedures. It shall have authority to prescribe certain design and operating conditions, health and safety regulations, require accountability and operating records, specify disposition of by-product fissionable materials and wastes, retain the right of inspection and require progress reports. The Agency would in particular have authority to verify by inspection the status of inventories of allocated material and to verify compliance with the terms of issuance.

4. Information about all transactions entered into by the Agency would be available to all members.

C. Information and service activities of the Agency.

1. The Agency will have available, and will take positive steps to disseminate to members:

a. Data developed by member nations as a result of the utilization of the materials, information, services and other assistance of the Agency.

b. Data developed as a result of the Agency's own activities.

c. Data already publicly available in some of the member nations.

d. Data developed and previously held by member nations and voluntarily contributed to the Agency.

2. In accordance with III (C) (1) (d) above, all member nations possessing information relevant to the activities of the Agency will be expected to make contributions from that information to the Agency.

3. The Agency will encourage the exchange of scientific and technical information among nations, and be responsible for making wide dissemination of the data in its possession.

4. The Agency will serve as an intermediary securing the performance of services by one member for another. Among the specific activities the Agency might provide by this means or through joint facilities might be the following (the cost of such services being borne by the recipient nation):

a. Training and education.

b. Services concerned with developing codes for public health and safety in connection with the utilization of fissionable materials.

c. Consultative technical services in connection with the establishment and carrying on of programs.

d. Supply of special materials, such as heavy water.

e. Design and supply of specialized equipment.

f. Special laboratory services such as conduct of experiments and tests.

g. Aid in making financial arrangements for the support of appropriate projects.

179. DEA/14001-2-1-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1671 Ottawa, September 15, 1954

SECRET

Reference: Your letter No. 1602 of September 9, 1954.

PRESIDENT EISENHOWER'S PROPOSALS ON ATOMIC ENERGY

We discussed your letter of September 9 with the Advisory Panel on Atomic Energy. The following comments are numbered in accordance with your letter.

A. *Procedure for Reaching Agreement on Treaty*

(i) The Panel is very much in favour of preliminary confidential consultations between the United States, the United Kingdom and Canada. You will recall that on a number of occasions during the preceding negotiations we urged that this should be done.

(ii) The Panel agrees that following the preliminary tripartite discussions it would probably be desirable and necessary to have the proposals considered by a working party of representatives of the countries principally concerned.

(iii) We have no immediate views on how to deal with the countries not principally involved, but will attempt to develop some ideas.

B. *Relations with United Nations*

The questions you have raised are being considered. Comments will be sent to you later.

C. *Proposed Scientific Conference*

Longhair has just returned from the United Kingdom. He has a set of Cockroft's minutes and we will send you a copy as soon as we get them. The Panel has no strong views on either the sponsorship or location of the conference. However, it seems to officials of External Affairs that if United Nations' sponsorship is desired

the matter should be kept separate from any United Nations item concerning the establishment of the International Agency. This would be of particular importance if the United States decides to raise the question of the Agency at the General Assembly under Rule 15 in the expectation that it will be able to hold off attempts to introduce any form of United Nations control or sponsorship of the Agency.

2. We are studying the draft "Preliminary Outline of an International Atomic Energy Agency" and will send you our comments shortly.

180.

DEA/14001-2-1-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1624

Washington, September 17, 1954

SECRET. IMPORTANT.

Reference: Your EX-1671 of September 15.

PRESIDENT EISENHOWER'S PROPOSALS ON ATOMIC ENERGY

Your comments were helpful in an informal meeting we had yesterday with representatives of the State Department and the British Embassy.

2. There seems to be no difference of opinion on the views expressed in paras 1(A) and (1)(A)(II) of your telegram.

3. There is, however, a difference between the Americans and the British over how this subject should be introduced into the General Assembly. As we pointed out in para 2(B)(I) of our letter number 1602 of September 9, the present United States intention is to do this in two stages. The British are worried about the second stage, thinking that it would open the way to a protracted and futile discussion and that another delegation might introduce an unhelpful resolution.

4. We were not able to make any comment on this except that contained in your para 1(C).

5. There is to be a further tripartite meeting on Monday afternoon. If you can give us any instruction on the General Assembly aspect before then, it would be helpful in view of the imminence of the Assembly meeting.

181. DEA/14001-2-1-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1699 Ottawa, September 17, 1954

SECRET. IMPORTANT.

Reference: Your WA-1624 of September 17.
Repeat Permdel No. 470; London No. 1411.

PRESIDENT EISENHOWER'S PROPOSALS ON ATOMIC ENERGY

Following from Under-Secretary: We are inclined to agree with London that it would be unwise to include an item on the Agency on the agenda of the forthcoming Assembly. It would seem to be useful for Mr. Dulles in the general debate to refer to the Agency and to report that details are now being worked out in consultation with other interested powers, and inform the Assembly that when agreement had been reached the Agency would seek some form of relationship with the United Nations, but we, like the British are of the opinion that to introduce the matter at this session as an agenda item would open the way to a protracted and futile discussion to no particular purpose.

2. We are repeating your question and our reply to Permdel in New York with the suggestion that they might discuss this with the Minister on Monday morning and telegraph to you any comments he may wish to make.

182. DEA/14001-2-1-40

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

Ambassador in United States to Secretary of State for External Affairs

TELEGRAM WA-1645 Washington, September 21, 1954

SECRET. IMPORTANT.

Reference: Our WA-1624 of September 17.
Repeat Permdel No. 149.

PRESIDENT EISENHOWER'S PROPOSALS ON ATOMIC ENERGY

We attended yesterday a further meeting in the State Department at which a representative of the British Embassy was also present.

2. The discussions on this subject resemble more a scene in "Alice in Wonderland" than an orderly discussion of a complicated subject. Unfortunately, however, they lack the humour of Lewis Carroll.

Speech by Dulles to the General Assembly

3. We had a quick look at the draft prepared in the State Department. The officials had no knowledge of whether this text would be used, it having been taken to Duck Island. We can only hope that it will be materially changed, since it struck us as unnecessarily provocative and somewhat too detailed. The draft specifically refers to a subsequent speech by Lodge, it describes some interim measures by the United States, and it forecasts the conference of scientists. The draft is intended to give the quantity of U235 to be earmarked for the agency by the United States. This would be given in figures. Tomkins protested against using a figure without previous consultation with the United Kingdom on the ground that the figure might not be such as the United Kingdom could or would match. It was inferred that this was a central point that could even govern the whole attitude of the United Kingdom towards the agency. We expressed more tentatively the view that the figure would be better omitted. Smith said during this discussion that the amount of U235 that the United States contemplated would be sufficient for about a dozen research reactors.

Presentation of the Atomic Energy Agency to the U.N.

4. The plan for consultation over Dulles' speech has, of course, failed. The United States seems determined to follow with an agenda item on which Lodge will speak of both the agency and the conference of scientists. The State Department are guessing that the date of this would be Mid-October. They seem to have no idea of how far Lodge intends to go on the agency; but as far as we could clarify the issue, it seems that our efforts should now be directed towards making any changes which you suggest on the document sent to you with our letter 1602 of September 9. This paper now appears to have the approval of the United States agencies concerned. The State Department is anxious to get your comments. We would suggest that these should be made as quickly as possible, especially as it appears that Lodge's statement will at least be based on this paper. In other words, the completion of the outline of the agency and the preparation of Lodge's speech are becoming inseparable. While it occurred to us here that the paper would benefit from redrafting, Tomkins indicated that the United Kingdom were at least in general agreement.

5. There follows detail on the programme to be undertaken by the United States in the interim period and on the conference of scientists.

Interim Programme

6. John Hall, Director of the Office of Special Projects of the AEC, outlined the activities in international cooperation that the United States plan to undertake in the interim before the International Atomic Energy Agency is established. These activities have been reviewed by Strauss and they can be considered as having his approval.

7. A reactor school is to be set up at either Argonne or Brookhaven. It will cover unclassified information only and the curriculum will be similar to that given in the school which was held recently for the Belgians. It will be a six months course and

the first session will probably start in February. A second session will be held if there are sufficient applicants. The course would take eighty students and it is planned to admit fifty foreigners and thirty Americans. The mechanics of issuing invitations and accepting applicants will be the responsibility of the State Department but the AEC will require some evidence that the applicants are technically qualified to undertake the course.

8. The AEC already operate for their own nationals an advance reactor school dealing with classified information and they may be prepared, after agreements to cooperate have been signed, to admit Canadian or United Kingdom scientists to this school.

9. In addition to the reactor school, the AEC plan three types of short training courses:

(a) The radioactive isotope school. This school has been in operation for some years and a few foreign scientists have been admitted. It is planned to enlarge the school so that all qualified foreign applicants can be accepted.

(b) Short courses in industrial medicine, industrial hygiene and radiological physics at Brookhaven, the University of Rochester and other laboratories. Also the facilities for consultations and discussions on cancer research at Argonne Cancer Hospital and Massachusetts General Hospital will be made more readily available to foreign physicians and surgeons.

(c) A course on radiation medicine will be established at Brookhaven. Hall thought that this school might be turned over to the International Agency when the agency is finally established.

10. The AEC have plans for assisting friendly countries to build research reactors. Specifications will be made available and certain American scientists will be authorized to act as consultants.

11. Gerard Smith expressed the hope that in some way the United Kingdom and Canada would share in this general programme and asked if any corresponding activities were planned in the United Kingdom and Canada during the interim period. Tomkins said that it was unlikely that the United Kingdom would establish a formal reactor school but most probably would arrange to accept a few foreign scientists for training at Harwell. We could offer no information on Canadian plans and if any activities are contemplated, we hope you will inform us so that we may pass on the information to the Americans.

12. Dulles in his address at the United Nations will make a general reference to this interim training programme and Lodge in his statement at a later date will outline the programme in detail. At the time of Lodge's statement it would be well if we were prepared to say what we intend to do along this line.

International Conference of Scientists

13. Smith said that two things had been decided:

(a) The conference will be sponsored by the United Nations.

(b) It will not be held in the United States. The Americans now are in favour of holding it in Rome in the late spring.

14. The conference will be introduced to the United Nations through the general item on the agenda — "report by the United States on progress on international co-operation in peaceful uses of atomic energy". Lodge will discuss it in his statement and then a steering committee will be set up to write the agenda, make proposals for issuing invitations and arrange the general plans. The principal nations concerned would be on this steering committee and should dominate it.

15. The State Department gave us a copy of the papers covering the meetings between Rabi and Cockroft in England, namely, an outline programme, suggestions for programme by Cockroft, and organization of an international scientific conference by Cockroft. If you have not already received these papers from Longair, we shall send copies to you by bag.

183. DEA/14001-2-1-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1650 Washington, September 21, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Our WA-1645 of September 21.
Repeat Permdel No. 151.

PRESIDENT EISENHOWER'S PROPOSALS ON ATOMIC ENERGY

Since sending our telegram under reference, we have been given by the State Department a copy of their instructions to New York about the placing of this item on the agenda. It is said that the request should not be made until after the Secretary of State has begun his statement in the general debate. There should be no advance publicity. The following paragraph is added:

"As previously indicated to USUN the department is communicating on a confidential basis its intention to submit such an item to the individuals in the Washington embassies of the states principally involved in this matter with whom the department has been negotiating arrangements for the agenda. The embassies concerned are United Kingdom, Canada, France, Belgium, Portugal, South Africa and Australia".

2. The above seems to emphasize the necessity of the three-way discussions going as fast as possible before the eight-power discussions begin.

3. My following telegram contains the text of the request and explanatory memorandum.

184. DEA/14001-2-1-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1651 Washington, September 21, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Our WA-1650 of September 21.
Repeat Permdel No. 152.

PRESIDENT EISENHOWER'S PROPOSALS ON ATOMIC ENERGY

The following is the text of the request and explanatory memorandum mentioned in my telegram under reference:

Text of Request

"I have the honor to request under Rule 15 of the Rules of Procedure that an item entitled 'International cooperation in developing the peaceful uses of atomic energy: report of the United States of America' be added to the agenda of the General Assembly as an important and urgent question.

"In connection with the above-mentioned request I attach an explanatory memorandum, in accordance with Rule 20 of the Rules of Procedure. "Accept, etc."

"Explanatory Memorandum

International cooperation in developing the peaceful uses of atomic energy: report of the United States of America.

"The President of the United States, in his statement to the eighth Regular Session of the General Assembly on December 8, 1953, made far reaching proposals to set up an international atomic energy agency under the aegis of the United Nations to develop plans whereby the peaceful use of atomic energy would be expedited. The President further indicated the willingness of the United States to take up with the powers "principally involved" the development of plans for such an agency.

"During the past year the United States has engaged in discussions on this subject with the powers principally involved with atomic energy matters, and particularly with the USSR. While the attempt to secure the cooperation of the USSR in this endeavour has not been successful, the other governments with whom the United States has discussed this proposal have indicated general agreement on the objectives of the proposal and on the general nature of the international atomic energy agency.

"The United States intends to proceed immediately, in conjunction with the other nations principally involved, to create an international agency to develop the constructive uses of atomic energy. This approach excludes no nation from participation in this great venture. As more precise plans take shape, all nations interested

in participating and willing to take on the responsibilities of membership will be welcome to join the planning and execution of this program.

"The United States believes an international scientific conference of representatives of governments and scientists would assist materially in identifying the technical areas in which the international atomic energy agency might operate most effectively and accordingly suggests that the United Nations should convene such a conference. The United States intends at the appropriate time to describe in greater detail the nature of such a conference and its objectives.

"There have been other significant developments during the past year in connection with peaceful uses of nuclear energy concerning which the United States will report.

"The United States believes that an explanation of these matters is of such import to all nations that it warrants the addition of this item to the General Assembly's agenda as an important and urgent matter".

185. DEA/14001-2-1-40

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

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

LETTER NO. D-1153 Ottawa, September 21, 1954

SECRET

Reference: Your letter No. 1602 of September 9, 1954.

PRESIDENT EISENHOWER'S PROPOSALS ON ATOMIC ENERGY

In telegrams No. EX-1671 of September 15, and EX-1699 of September 17, we gave you our views on the immediate procedural questions raised in your letter of September 9. The purpose of this letter is to comment on the substance of the American proposals put forward in the draft "Preliminary Outline of an International Atomic Energy Agency", dated September 8, 1954, which was forwarded under cover of your letter.

2. As a preliminary observation it might be mentioned that the Advisory Panel on Atomic Energy expressed some irritation at being presented with yet another United States draft document for comment, the more so because of the lack of evidence that much attention had been paid by the U.S. authorities to Canadian views in previous cases. The Panel felt strongly that the time had come for the establishment of a working group composed of both the diplomatic and technical representatives of the countries involved, which could be given the task of preparing a mutually acceptable draft.

3. The following comments are numbered to correspond with the United States draft paper of September 8, 1954:

I. *The Objectives of the Agency*

No comments.

II. *Organization of the International Atomic Energy Agency*

A. No comments.

B. No comments.

C. Governing Body:

1. This section specifies that the principal contributors of materials shall be represented on the Board of Governors and other representatives shall be elected with due regard for geographical distribution. This invites the question of what is meant by the phrase "principal contributors of materials". The word "materials" is defined in Section III A.1 as uranium or thorium (in the form of ores, concentrates, metals, or salts), enriched uranium, U-233, plutonium, and alloys of the foregoing. By this description the United States, the United Kingdom, Canada, South Africa, Belgium, Australia and Portugal could all be considered to be able with some justice to claim a permanent seat on the Board of Governors. If you include thorium from monazite you could add India and Brazil to the list. On the other hand France would be excluded from permanent representation.

It seems to us that this point needs to be studied further with a view to developing either a more precise definition or a different formula. Possibly the suggestion we made last January of a system of weighted voting similar to that used by the International Bank would be worth examining.

2. To avoid any possibility of an attempt to take advantage of the United States, it is suggested that the statement "Decisions of the Board of Governors will be taken by majority vote" might be supplemented by the following proviso: "Such decisions shall not purport to impose upon any member country an obligation to make available materials or information except in accordance with the law of that country."

D. No comments.

E. No comments.

F. No comments.

G. *Relationship to the United Nations*

We assume that the vagueness of this paragraph stems from the indecision of the United States Government on the question of the relationship of the Agency to the United Nations. It is the view of the Canadian Government, as stated in the Report of the Advisory Panel on Atomic Energy, dated January 6, 1954, that it would be desirable for the Agency to be associated with the United Nations, probably as a specialized agency. It is recognized that it is necessary that the Atomic Energy Agency must enjoy a reasonable degree of autonomy so that its operations will not be interfered with by those members of U.N. which are opposed to it, but we can see no reason why the action of bringing it into relationship with the United Nations should prejudice this. The important point at this time, in our view, is that the countries principally concerned, and in particular the United States, the United

Kingdom and Canada, should discuss the matter and reach agreement prior to the pending discussions at the General Assembly.

H. *Facilities of the Agency*

No comments.

III. *Functions of the Agency*

A. *Provision of Materials*

Paragraph 1 of this section, which imposes on all member nations possessing stocks of materials to make (hold) reasonable amounts of such materials available for the activities of the Agency, serves to illustrate the difficulties which we believe will arise in attempting to assign permanent appointments to the Board of Governors on the basis of being "principal contributors".

B. *Allocation of Materials by the Agency*

Paragraph 4 requires that information about all transactions entered into by the Agency would be available to all members. If, as would seem to be possible, some countries could be participants in the Agency without at the same time having bilateral arrangements with the United States under Section 123 of the U.S. Atomic Energy Act, is it not possible that Section 123 might operate to prevent United States compliance with this obligation?

C. *Information and Service Activities of the Agency*

It seems to us that paragraph 1.A. of this Section might raise the same difficulties for the United States as for B. above.

M.H. WERSHOF
for Under-Secretary of State
for External Affairs

186. DEA/14001-2-1-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1736 Ottawa, September 22, 1954

SECRET. IMPORTANT.

Reference: Your WA-1645 and WA-1650 of September 21.
Repeat Candel New York No. 26.

PRESIDENT EISENHOWER'S PROPOSALS ON ATOMIC ENERGY

Following from the Under-Secretary: When your telegrams arrived we had just finished drafting a letter commenting on the U.S. draft paper of September 8, and we are sending it in today's bag (with a copy to New York).

2. We most heartily endorse your view that it is essential that discussions between the United States, the United Kingdom and Canada should get under way at once. It would seem to be essential that these three-party talks should take place prior to Lodge's speech in the General Assembly, which we understand is to be in October. In our judgment there should be both diplomatic and technical representation at these discussions. A possible incidental benefit is that it might result in the State Department and the Atomic Energy Commission getting together for a change. Unless there are immediate indications that the Americans intend to organize three-party talks I think that we may have to discuss with the United Kingdom the advisability of joint representations to the United States concerning our concern with the way things are developing and make it clear that if they want our support a greater measure of co-operation is necessary. I would welcome your comments on this suggestion.

3. At the last meeting of the Panel the question of what Canada might do by way of international co-operation prior to the establishment of the Agency was discussed briefly but no concrete suggestions emerged. Both Bennett and Lewis are in the United Kingdom at the moment and it is doubtful that we will be able to say anything on this subject until they return. However we will endeavour to obtain a statement of the Canadian position prior to the discussion in the General Assembly.

4. We would appreciate your sending us the papers on the scientific conference.

187. DEA/14001-2-1-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 80 New York, September 29, 1954

SECRET

Reference: Our telegrams Nos. 66 and 67 of September 28.†
Repeat Washington No. 21.

INTERNATIONAL ATOMIC ENERGY AGENCY — RELATIONSHIP TO THE UNITED NATIONS

From our private talks with members of the United States, United Kingdom and French delegations, it is our impression that the main reason for the United Kingdom and United States reluctance to come to grips with the problem of the relationship between the Atomic Energy Agency and the United Nations is that, within each government, counsels appear to be divided between those who do not wish a technical operation to be interfered with by the United Nations and those who seek the maximum political benefit which could be derived from association with the United Nations.

2. All four delegations take for granted that there will be some kind of relationship between the Agency and the United Nations for each, a specialized agency is one possibility. On balance, however, the United Kingdom view is at present (assuming the Soviet Union will not participate) that the looser the relationship between the Agency and the United Nations the better. The United States view is similar, but with the important qualification that they are deliberately seeking the maximum political benefit from their proposal and have therefore been led to bring their item into the Assembly against the wishes of the United Kingdom. The French position is that some sort of specialized agency would provide an appropriate relationship, probably linked to ECOSOC.

3. At our four power meeting yesterday, Wadsworth (United States) asked us to defer raising the problem of relationship on the grounds that the plans for the Agency itself would have to be developed more concretely, probably following the conference of scientists next spring, and that it might be premature to discuss the relationship until the Agency was established. He said, however, that he did not see how the United States could agree to "vesting control in an international secretariat" such as would serve a specialized agency.

4. This view was reinforced by Williams of the United Kingdom delegation, who pointed out that the original United States proposal for a pool had now been watered down to an agency that would merely be a "a broker" between suppliers and users of fissionable materials and "know-how". The contrast between the March 19 proposals of the United States (now published with the rest of the United States-Soviet documents) is, he thought, bound to give rise to difficulty in the committee debate.

5. In the March 19 memorandum, the United States proposed that the agency should "report to the General Assembly and the Security Council when requested by either of these organs". Wadsworth said he now thought that reports to the General Assembly might be all that would be required, but he was not sure whether, in the committee debate this year, the United States would go even this far despite the fact that they were now publicly on record as having made such a proposal to the U.S.S.R.

6. At our suggestion, it was agreed by all present at yesterday's meeting that, because of the importance which would be given to the relationship problem in any debate here, we should at least try among the four delegations to work out a common line on what we should say in the committee debate on this question. This effort at precision cannot, in our opinion, wait for next year. In plenary speeches, the representatives of the Philippines and Pakistan have already given the lead, which other under-developed countries will certainly follow, in seeking a close relationship between the agency and the United Nations, in order to have some say in the operation of the agency when established and, if possible, during its formative stage. This difficulty was clearly foreseen by the United Kingdom delegation and ourselves when we sought to dissuade the United States from submitting an item this year. Having taken the plunge, we must, however, anticipate pressure from the under-developed countries, and we think the only way we can do so intelligently is to work out, in the three or four weeks we may have before this debate

begins in the First Committee, some reasonable relationship which will meet our political objectives without in any way prejudicing the effective control of the agency passing from the hands of the principal contributors.

7. Although we did not make any specific suggestions at yesterday's meeting, we ourselves consider that these twin objectives could be achieved by means of a specialized agency similar to the International Bank which could be set up as proposed by the eight principal contributors and which could then negotiate a specialized agency relationship with ECOSOC. It would be unnecessary to have the atomic energy agency reporting to ECOSOC if it was preferred that it should report to the Disarmament Commission or even direct to the General Assembly. There is much to be said, however, from both the political and practical aspects, for the agency to report in the first instance to either ECOSOC or the Disarmament Commission, as an assembly debate on their reports would in any case follow.

8. In favour of an ECOSOC relationship, it can be argued that a "billion dollar" agency, as foreseen by Wadsworth yesterday, will have the greatest importance in international economic affairs. It is also an operation analogous to technical assistance.

9. In favour of a Disarmament Commission relationship, is not only the fact of permanent Canadian membership on this body, but the clear interest the Disarmament Commission has had from its inception (see the 1951 Assembly debates) in not only the international control but the development of peaceful uses of atomic energy.

10. To sum up, the arguments in favour of defining as soon as we can the relationship of the proposed agency to the United Nations might be put as follows:

(a) The scheme was born with a proposal that the agency should be set up "under the aegis of the United Nations";

(b) The United States has proposed, in its March 19 memorandum to the USSR, that the agency should report to General Assembly and the Security Council and should also consult and cooperate with other United Nations bodies whose work may be related to that of the agency;

(c) If it appears from the committee debate that the western powers want to dodge the issue of relationship and would really prefer to set up the agency outside the United Nations, the Soviet Union will have nothing to do with the proposal, whereas it is possible that the Soviet now might participate in organizing a United Nations specialized agency;

(d) Soviet participation in the agency is desirable on many grounds not least for the partial penetration of the iron curtain which might develop in this field;

(e) Since the Soviet aide mémoire of September 22, it is no longer so easy for the western powers to argue that the USSR has in effect rejected the United States proposals by imposing impossible pre-conditions, inasmuch as the Soviet Government no longer poses the banning of the use of the bomb as a pre-condition for joining an international atomic energy agency;

(f) If our general policy is to strengthen the United Nations, this as the Minister said in his opening statement, is one field in which the United Nations should not be by-passed.

188. DEA/14001-2-1-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 153 Ottawa, October 19, 1954

SECRET

Reference: Your telegram No. 80 of September 29.
Repeat Washington EX-1900.

INTERNATIONAL ATOMIC ENERGY AGENCY — RELATIONSHIP TO THE UNITED NATIONS

As you suggest, it would seem imperative to reach as much agreement and precision as possible in the thinking of Western countries, including at least the United States, United Kingdom, France and Canada, on the best means of implementing the proposed scheme for an International Atomic Energy Agency before that proposal is debated in Committee One. We are repeating separately our telegram EX-1901 to Washington giving our further views on the constitutional character of the Agency. This message is concerned mainly with the question of relationship between the Agency and the United Nations.

2. The detailed relationship with the U.N. obviously cannot be worked out before the character of the new organization has been determined nor, perhaps, before the Agency has been established. We envisage that this will take place at an intergovernmental conference of interested countries, and that while it might be practical and politic to invite as observers or advisers U.N. specialists on technical questions such as personnel, administration and the like, we do not contemplate that the U.N. as such would control the establishment of the Agency.

3. Nevertheless it seems desirable to agree in principle now on the question of relationship since it seems probable that this will be discussed in the Assembly. The suggestions on this question in paragraph G of the revised preliminary outline of the United States scheme, dated September 30, seem to us inadequate and unnecessarily vague.

4. Our general policy is to strengthen the United Nations and an agency completely divorced from the U.N. would create suspicion of Western good faith. We therefore think that, in addition to depositing the treaty setting up the Agency with the U.N. under Article 102, a specialized agency relationship ought to be entered into along the lines of the International Bank's agreement with the U.N. This would

establish a clear-cut link with United Nations and yet would protect the Agency's autonomy by

(i) stressing the Agency's need to function independently and to safeguard confidential information,

(ii) limiting right of reciprocal representation,

(iii) limiting obligation of the Agency to include agenda items proposed by the United Nations,

(iv) restricting right of the United Nations to present recommendations in the absence of reasonable prior consultation,

(v) recognizing that it would be sound policy for the United Nations to refrain from making recommendations on particular operations,

(vi) limiting the compulsory character of Security Council decisions,

(vii) permitting full independence in respect of the form and content of the budget,

(viii) providing for termination of relationship on six months' notice.

5. In this way, based on the precedents of the Bank and Fund, it should be possible subsequently to devise an agreement with the United Nations that would satisfy even the strictest criteria for control and security. Any such danger as contemplated by the Americans that control might be "vested in an international secretariat" could be obviated by appropriate provisions in the constitution of the Agency (including a system of weighted voting) and in the agreement with the United Nations.

6. Once the new Agency is established through intergovernmental agreement, and once it is brought into relationship with the United Nations, the question arises whether it should report through the Economic and Social Council or through a body such as the Disarmament Commission. In favour of the Disarmament Commission it can be argued (a) that we are permanent members of the Disarmament Commission and only occasional members of the Economic and Social Council; (b) the Disarmament Commission by its very terms of reference has a continuing interest in the peaceful uses of atomic energy; and (c) that since the Disarmament Commission reports to the First Committee of the Assembly, it is likely that greater attention would be focussed on its discussions of the work of the proposed new Agency than would be the case if these discussions were reported through ECOSOC to the General Assembly, a procedure which is less likely to attract public interest and attention. However, it seems to us that on balance reporting through ECOSOC would be preferable. Here the main considerations would appear to be:

(a) The public view of the Disarmament Commission is coloured by the frustration and fright arising out of the stalemate on disarmament.

(b) The Disarmament Commission's tribulations in respect of disarmament might adversely affect the objectivity of its concern for the peaceful uses of atomic energy.

(c) The Disarmament Commission can be disbanded by an ordinary resolution of the Assembly.

(d) The chief importance and appeal of the President's proposal would seem to be in the hope of accelerated economic advance it offers to less fortunate countries, which relates closely to subjects dealt with in ECOSOC.

(e) The usual manner of linking a Specialized Agency with the United Nations is through ECOSOC.

(f) ECOSOC could do with more useful and high priority work and a working scheme of this character in the field of the peaceful use of atomic energy seems closely related to its aims.

7. If the Agency's need to function independently and to safeguard confidential information is protected in the agreement with United Nations, the question of reporting to the United Nations, whether through ECOSOC or otherwise, need not cause real anxiety, and ECOSOC or Assembly debates should not prove more difficult than for the Bank and Fund. Accordingly the objection that Canada is not always a member of ECOSOC is not compelling. In particular it is to be noted that Article 64 of the Charter uses permissive language and indicates that "the Economic and Social Council *may* take appropriate steps to obtain regular reports from the Specialized Agencies". Presumably, if it were desirable on occasion for the Disarmament Commission to receive a certain type of report on the work of the Agency, adequate arrangements could be made to use the Disarmament Commission on occasion for this purpose.

8. We hope that you will discuss these tentative views with other interested delegations especially the Americans and let us know their reactions as soon as possible. Our own thinking is still exploratory on both the question of the constitution of the Agency and of its relationship to the United Nations. The fullest indication of the thoughts of other countries and of the Secretary-General's committee will help us to refine these views.

9. Tactically we would wish to avoid a detailed discussion of the relationship question in the Assembly at this stage, since that might tend unduly to take away from the interested founding countries the initiative and control in the creation of the Agency and might pre-judge its nature before the interested countries have had an opportunity to assemble in a private intergovernmental conference.

10. Washington please discuss with State Department. Ends.

189. DEA/14001-2-1-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1901 Ottawa, October 19, 1954

SECRET

Reference: Your Despatch No. 1757 of October 11, 1954.†
Repeat Candel New York No. 154.

PRESIDENT EISENHOWER'S PROPOSALS ON ATOMIC ENERGY

Your despatch of October 11 brings out very clearly the major issues which must be resolved prior to the establishment of the International Atomic Energy Agency. As we see them, these might be summarized as follows:

(a) Is the Agency to receive supplies of nuclear materials from donor nations and subsequently to furnish the materials to applicant nations (U.S. Proposal of March 19), or is it to function primarily as a "broker" (Current U.S. Proposal)?

(b) What influence should the participation or non-participation of the Soviet Union have on Western policy regarding the role of the Agency?

(c) How is the Agency to be organized and governed?

(d) What is to be the relationship of the Agency to the United Nations?

In the following paragraphs the Canadian position on these issues will be discussed in some detail.

Role of the Agency

2. You are correct in your understanding (paragraph 7 of your despatch) that the Canadian Government believes that the role of the Agency should be to assist in making arrangements between nations for the provision of materials and technical assistance for approved projects and facilitate the flow of scientific information, rather than function as a "bank" receiving stocks of fissionable materials from donor countries and issuing them to applicant nations. It is considered that this provides the most practical basis for operation, removes the necessity for a large staff and for a large capital investment in plant, and avoids the thorny problems which would stem from a decision that the Agency should itself hold stocks of nuclear material.

Participation by the Soviet Union

3. The views expressed above are in no way affected by the question of whether or not the Soviet Union participates in the Agency. We agree with you that it does not seem realistic to contemplate two plans, one for use in event of Soviet participation, and another if it appears that the U.S.S.R. will not join. Like you, we believe that the convention setting up the Agency must contain sufficient provisions and safeguards that the Agency can at any time accept the entry of Russia.

4. As you suggest, the problem of determining how the Agency would deal with applications for assistance is a difficult one. Apart from the political implications in reaching a decision as to whether the applicant country would be referred to say, Russia or the United States, economic considerations will become increasingly important, and commercial rivalries between such countries as the United States, the United Kingdom, and for that matter, Canada, may cause even more trouble than purely political differences. We suspect that in the end a pragmatic approach may well prevail.

5. It seems to us, however, that these problems would be as much a part of the March 19 proposal as the current one, and we can see no advantage in reverting to the earlier scheme. As you say, it should be possible to write a convention on the lines of the present outline that will provide safeguards for all contingencies.

6. One important point to be kept in mind is that we, and also, we believe, the United States and the United Kingdom, regard the proposed agency as a means of supplementing existing arrangements, particularly with a view to helping the less advanced countries. It is not our thought that the proposed agency should preclude the continuance of existing arrangements or prevent new arrangements being made with other nations outside its framework.

Organization and Governing of the Agency

7. In your telegram No. WA-1683 of September 25,† you reported that the United Kingdom considered that at least originally the membership of the Agency might be confined to contributing nations, but that United States officials thought it was desirable for appearance's sake that at least some nations who might benefit greatly, but who had nothing to contribute, should be members in the beginning. However, the Annex to the U.S. Preliminary Outline, forwarded under cover of your despatch of October 11, suggests that, "Alternatively, membership might be limited to nations in a position to make a substantial contribution in the form of materials or technical knowledge and services, with beneficiary nations not undertaking the obligations of membership."

8. The advantages of limiting the nations concerned with the proposed agency during the period while the convention is being drafted, to those in a position to make contributions to the Agency, are obvious. In our judgment however, once the Agency has been established and the Convention ratified by the charter members, membership should be open to any nation willing to undertake the obligations set forth in the Convention, and not limited to those "in a position to make a substantial contribution." It seems to us that such limitations in membership would weaken or even destroy the political advantages accruing from the western initiative in establishing the Agency. In addition it might well tend to reduce the value and effectiveness of the Agency as a medium for facilitating the exchange of information.

9. Assuming that membership in the Agency is open to any nation prepared to subscribe to the obligations of the Convention, it would seem that the International Bank provides a useful model in devising the system by which the Agency is to be governed. A scheme along the following lines might be possible:

(a) Each member nation would have a representative on the Governing Council.

(b) The budget would be divided between member countries. Payment by any given country of its share of the budget would entitle its representative to cast a given number of votes, say one hundred, at the Governing Council.

(c) Nations setting aside nuclear material for the purpose of the Agency would be assigned additional voting power, dependent upon the quantity and quality of the nuclear material. For example an assignment of a given quantity of refined uranium would carry with it more votes than an assignment of uranium ore. It might be necessary to specify upper limits to the amounts of any given material which could be assigned to the Agency, and the proportion of the total amount which could be assigned by any one country.

(d) As in the case of the International Bank, the Governing Council would delegate most of its powers to a Board of Directors, composed of representatives of the five nations possessing the largest number of votes, and four additional nations elected annually by the members of the Governing Council not represented on the Board of Directors.

10. It will be appreciated that we are by no means firmly wedded to a scheme along the lines suggested above. It is put forward in the absence of United States or United Kingdom suggestions as a means of stimulating discussion.

Relationship of the Agency to the United Nations

11. Our views concerning the relationship of the Agency to the United Nations have been set out in detail in a telegram we are sending to the Chairman of the Canadian Delegation to the General Assembly in New York, and which will be repeated to you.

Drafting of a Convention

12. We are not convinced that with so many unresolved details, both political and technical, there is much to be gained by our attempting, in isolation, to draft a convention. As we have said before, we think the way to do this is to have a tripartite drafting body with both diplomatic and technical representation. If such a body were set up we would make arrangements to have a senior official from Atomic Energy of Canada Limited (probably Mr. Bennett) serve as the Canadian technical representative. If the United States is not prepared to approach the problem in this way, then it seems to us that our position should be that we have given our views to the United States Government on the substance of the matter, and we will consider any draft convention that it prepares, but that for the present at any rate, we have no intention of drafting a convention ourselves.

13. We note that arrangements are now under way for a meeting in Washington on October 23, between diplomatic and technical representatives of the United Kingdom, the United States and Canada. This seems to us to be a hopeful sign that there may yet be effective tripartite discussion of the problems which must be resolved before the Agency can be established.

190. DEA/14001-2-1-40

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

Ambassador in United States
to Secretary of State for External Affairs

DESPATCH 1827 Washington, October 25, 1954

SECRET

Reference: Your EX-1891 of Oct. 16;† EX-1900 and EX-1901 of Oct. 19, 1954.

ATOMIC ENERGY

As you may have expected, there was considerable activity here on atomic energy over the weekend. As a preliminary step in our talks we prepared a short paper incorporating the views expressed in your EX-1900 and EX-1901 and presented this to the State Department and to the British Embassy early on Friday morning. We thought that in this way we could set out our concern with this problem and could emphasize the points that we considered to be the major issues. We entitled our paper "Canadian comments on certain questions relating to the International Atomic Energy Agency", posed the four questions given in EX-1901 and quoted your comments at length.

2. On Friday morning we met with the United Kingdom representatives. On our side, besides myself, Bennett, Lewis and Babbitt were present. For the United Kingdom, Sir Roger Makins was there and in addition, Sir Edwin Plowden, Sir John Cockroft, Edward Tomkins and, for a time, Sir Robert Scott. This meeting had been suggested in order that we might coordinate our thinking on the problems that we were to discuss with the Americans on Saturday, but it was apparent from the beginning that there was some confusion about the object of the meeting. The United Kingdom representatives were interested only in negotiations for a bilateral "agreement to cooperate" with the Americans and had little or no interest in the Agency. As Plowden said, he and Cockroft did not come all the way to Washington to discuss the Agency; they were interested only in obtaining bilateral — or, better still, trilateral — cooperation with the Atomic Energy Commission. On our side, as you know, our main concern was the Agency; Bennett is sure that he will get a "bilateral agreement" from the AEC and although he wants to see the United Kingdom get a similar agreement he knows that under the new act these agreements will have to be bilateral and that a tripartite arrangement is not possible. He was not interested, therefore, in coordinating our approach to the United States with that of the United Kingdom any more closely than he had already done in England.

3. It was evident that the United Kingdom are fairly happy about present planning for the Agency and they intimated to us that they are now prepared to meet the discussions at the United Nations. I expressed our concern that Committee One would be debating atomic energy in two weeks and we felt that it was imperative that we reach agreement on several important points before the debate began. Although Makins clearly felt that the primary purpose of the meeting with the United States was not the Agency, he agreed that it would be useful for me to present our views. On our side, although Bennett afterwards expressed some misgivings, we agreed that Makins should make his plea for tripartite cooperation.

4. The meeting on Saturday at the Atomic Energy Commission was a sizable gathering. The United Kingdom and ourselves were represented as on Friday. For the Atomic Energy Commission, besides Strauss, two of the Commissioners, Murray and Campbell, were present, and the General Manager, Nichols, the General Counsel, Mitchell, McDaniel from the Research Division, Rabi of General Advisory Committee and several others. Gerard Smith was there for the State Department.

5. Makins started the meeting by making his plea for maintenance of the tripartite relation that had existed under the CPC. Strauss said that he felt a kindred feeling

about tripartite cooperation but unfortunately the new Atomic Energy Act would not permit the United States to make a tripartite agreement since it specifically limited cooperation to bilateral agreements. He said, however, that the same effect could be obtained by concluding two identical bilateral agreements, one with the United Kingdom and one with Canada. If the same areas were covered in the two agreements and it was specified that in these areas Canada and the United Kingdom were free to pass on information to each other, then in effect the cooperation would be tripartite. Makins said that the United Kingdom was interested only in the effect and would be happy with such an arrangement.

6. There followed considerable discussion on what topics should be included in the agreements to cooperate. Cockroft produced a paper giving some detailed suggestions of the United Kingdom and it was finally decided that early this week the United Kingdom will get together with technical representatives of the Atomic Energy Commission to discuss topics that could be included in an agreement to cooperate. Since neither Bennett nor Lewis is remaining in Washington, Babbitt will represent AECL at these meetings.

7. The meeting then passed to a discussion of the International Atomic Energy Agency. I opened by saying that we were worried about the coming discussions in the United Nations and for that reason had prepared a paper outlining what we thought were the more important problems that required solution. Strauss and the Atomic Energy Commission had not had an opportunity to study our paper but promised to do so. Smith said that the State Department has now decided to accept a Specialized Agency which was one of our main points and was only waiting for confirmation by the Secretary. He said that the Department has prepared a draft speech for Lodge to use in opening the debate in the United Nations and he thought that we should find most of our points covered in that draft. He said we could have a copy of the draft immediately after the meeting and in addition he would like to discuss our points with us on Monday. We have sent comments on Lodge's statement by teletype.

8. Cockroft then introduced the question of the activities of the Agency and produced a paper giving the United Kingdom ideas. In this paper he considers three classes of reactors which might be promoted by the Agency and estimates the quantity of enriched uranium that would be required by such a programme. We are sending a copy of this paper to you by bag. The Americans said the technical representatives of the Atomic Energy Commission would consider Cockroft's suggestions and would arrange a meeting sometime this week to discuss the activities of the Agency.

9. The final subject discussed at the meeting was the International Conference of Scientists. Dr. Rabi reported on the results of a meeting which was held on Friday at which Cockroft had represented the United Kingdom, and Lewis, Canada. At this meeting the Agenda for the Conference had been gone over in detail and a fairly complete list of suggested speakers drawn up. There is now a more optimistic feeling about this Conference and it seems that it will be possible to present papers that will contribute something worthwhile. The Americans are planning to hold back from publication considerable information that is to be declassified between

now and the Conference so that they will have new material for presentation. The Americans asked if the meeting thought it would be appropriate for Lodge to introduce the Agenda for the Conference to the United Nations at the time of his speech. I said we probably would not have any objection but before giving our approval we should want to know whether it would be presented as an American or an agreed document and, in addition, would like to consider whether this would be the best tactics. We shall take this up with the State Department.

A.D.P. HEENEY

191. DEA/14001-2-1-40

Le secrétaire d'État aux Affaires extérieures au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs to Chairman, Delegation to United Nations General Assembly

TELEGRAM 209 Ottawa, October 29, 1954

SECRET. IMMEDIATE.

Repeat Washington EX-1981.

INTERNATIONAL ATOMIC ENERGY AGENCY

On our first quick reading of Lodge's draft speech on the atomic energy item in Committee One we have noticed two points which are of some concern to us.[42] On page 8 of our copy of the draft the following words are used: "We explained to representatives of these governments (the United Kingdom, France, Canada, Australia, Belgium, Portugal and South Africa) our views on the nature and organization of the International Atomic Energy Agency and all agree that the refusal of the Soviet Union to participate made it advisable to change in one important respect the concept on which we had previously proceeded. This is that the Agency, at least initially, would not need to hold fissionable materials itself but could act as a clearing house for requests made to the Agency by various beneficiaries . . .". As you are aware, this statement, so far as Canada is concerned, is untrue since we have advocated that the Agency should be established in this latter way irrespective of Soviet participation.

2. The second point which gives us concern is that Lodge's speech does not make it clear to us whether or not in the United States' view the Agency would have to revert to the first concept if the Soviet Union subsequently decided to participate. Our own views on this matter were developed in some detail in paragraphs 3, 4 and 5 of our telegram No. EX-1901 to Washington repeated to you as No. 154 on October 19. We agree with Lodge's argument that Soviet participation, and concrete evidence that the Soviet Union would be willing to give up stores of fissionable

[42] Le discours de Lodge a été prononcé le 5 novembre 1954, devant la Première Commission. Voir/Lodge's speech was delivered on November 5, 1954, in Committee 1. See United States, Department of State, *Bulletin*, Vol. XXI, No. 803, November 15, 1954, pp. 742-750.

material, exchange information, and accept obligations which would signify a different attitude toward the non-communist world, would be most desirable. It seems to us however that this objective need not exclude Soviet participation in an Agency established on the "broker" principle. Then, as mutual trust and confidence grew, and as experience in the operating problems of the Agency was acquired, it could develop in the direction of the original United States proposal. Whatever the American position is to be, it would seem to us that there should be no ambiguity about it since unfriendly countries would no doubt welcome the opportunity to capitalize on it.

3. You might consider suggesting to the United States representative that they take these points into consideration in redrafting Lodge's speech.

192. DEA/14001-2-1-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 375 New York, October 29, 1954

SECRET. IMPORTANT.

Reference: Our telegram No. 368 of October 29.†
Repeat Washington No. 68.

INTERNATIONAL ATOMIC ENERGY AGENCY

Following is text of United States draft resolution on peaceful uses of atomic energy which was circulated and discussed at a meeting of the United States, United Kingdom, French and Canadian delegations this morning, October 29. Text Begins:

The General Assembly,

Desirous of placing at the service of mankind the benefits stemming from the momentous discovery of nuclear fission;

Believing that all nations should cooperate in promoting the widest dissemination of knowledge in the realm of nuclear technology for peaceful ends;

Hoping that international cooperation in developing and expanding the peaceful uses of atomic energy will assist not only in easing the burdens of hunger, poverty and disease but also in promoting international confidence essential to the maintenance of peace;

A. *Concerning an international atomic energy agency*

1. *Recalls* the initiative of the President of the United States embodied in his address of December 8, 1953;

2. *Notes* with satisfaction that negotiations are in progress for the establishment as quickly as possible of an international atomic energy agency to facilitate the use by the entire world of the peaceful applications of atomic energy;

3. *Suggests* that the international agency be constituted in such a manner as to encourage international cooperation and the sharing of responsibilities in the further development and practical application of atomic energy for the benefit of mankind;

4. *Requests* the states participating in the negotiations to report to the United Nations as soon as sufficient progress has been achieved in the establishment of the agency;

5. *Recommends* that the agency, once it is established, should negotiate an appropriate form of agreement with the United Nations in order to develop an efficient working relationship between the agency and the United Nations.

B. *Concerning an international conference on the peaceful uses of atomic energy*

1. *Declares* the interest and concern of the United Nations in helping in every feasible way to promote the peaceful applications of nuclear energy;

2. *Decides* that an international conference of government representatives should be held under the auspices of the United Nations, to explore means of developing the peaceful uses of atomic energy and, in particular, to consider the technical areas — such as biology, medicine, health, physics, fundamental science, and nuclear power — in which international cooperation might most effectively be accomplished;

3. *Invites* all state members of the United Nations, UNESCO, FAO and WHO, to participate in the conference and to include among their representatives experts competent in the atomic energy field;

4. *Establishes* an Advisory Committee composed of representatives of Canada, France, United Kingdom, United States and _____ (if possible not more than three other states giving adequate geographic representation) to advise the Secretary-General on the calling, the organization and participation in the international conference;

5. *Requests* the Secretary-General of the United Nations, upon the advice of the Advisory Committee, to issue invitations to this conference, to prepare and circulate to all invitees a detailed agenda, and to provide the necessary staff and services;

6. *Invites* the heads of interested specialized agencies to designate persons to represent them at the conference;

7. *Suggests* that the international scientific conference should be held no later than August 1955 at a place to be determined by the Secretary-General and the Advisory Committee;

8. *Requests* that the Secretary-General circulate a report on the results of this conference to all members of the United Nations and to all other governments and the specialized agencies participating in the conference, for their information.

2. We also considered the possibility of adding at a later stage in the debate, if discussion showed that some concessions were necessary:

(a) The following paragraph to part "A" of the resolution:

"*Transmits* to the states participating in the creation of the agency for their careful consideration, the record of the discussion of this item at the present session of the General Assembly and, in particular, the various suggestions made concerning the agency".

(b) The following paragraph to part "B" of the resolution between paragraphs 4 and 5 of the present text:

"*Recommends* that the Advisory Committee should consult as appropriate with representatives of UNESCO, FAO and WHO".

3. The text of the resolution as given above is the one that emerged from our morning's work among the 4 delegations and represents a number of improvements, from our point of view, in the original United States draft which included, for example the words "through international cooperation" in paragraph 2 of part "B" of the resolution, suggesting that an international conference might not be kept separate from the negotiations for the establishment of the international atomic energy agency.

4. The reference to UNESCO, FAO and WHO in part "B" of the resolution have been tentatively included

(a) to define indirectly which countries (e.g., Communist China, East Germany, Outer Mongolia, North Korea, Vietminh) would *not* be invited, and

(b) to meet strong French representations in favour of not by-passing UNESCO and the other specialized agencies directly concerned.

It is for this reason that the supplementary paragraph which might be added to part "B" is being considered.

5. In this connection, the French and United Kingdom delegations told us that, because of the UNESCO conference meeting in Montevideo, I believe next week, the Latin American group have agreed to take issue with the western powers if UNESCO is excluded from a hand in the conference which they think they should be asked to organize. This would, of course, be anathema to the United States but the French delegation could not oppose a Latin amendment in this sense. The supplementary paragraph is, therefore, intended as a compromise on the basis of which the probable sponsors could keep together on amendments urging the participation of UNESCO.

6. As regards the membership of the Advisory Committee, it was tentatively agreed this morning that Brazil, India and probably the USSR should be included, the latter only if their attitude to the conference and the agency seemed reasonably cooperative. The United Kingdom also suggested that New Zealand might be added to the Advisory Committee but this did not meet with any response.

7. As we are being asked to co-sponsor a resolution along the lines of the text discussed this morning, we should appreciate your comments and instructions early next week.

193. DEA/14001-2-1-40

Le chef de la délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Chairman, Delegation to United Nations General Assembly, to Secretary of State for External Affairs

TELEGRAM 381 New York, October 30, 1954

SECRET. IMPORTANT.

Reference: Your telegram No. 209 of October 29, and our telegram No. 375 of October 29.
Repeat Washington No. 69.

INTERNATIONAL ATOMIC ENERGY AGENCY

At this morning's meeting of the United Kingdom, United States, French and Canadian delegations, we also discussed how far we should go in outlining to the First Committee next week the ideas of our governments on the negotiation of an Atomic Energy Agency together with its general character and functions. It soon transpired that the French (who had not been in on last week's talks in Washington and had not seen Lodge's draft statement) thought it would be best to avoid giving any details publicly as to the type of Agency we hope to negotiate. They opposed saying anything about whether the Agency should be established as a bank (along the lines of the March 19 memorandum) or as a broker, or as a broker which might develop towards a bank in certain contingencies (if the Russians should decide to participate).

2. At this morning's meeting (and more specifically since receiving your telegram under reference), we passed on your comments on the subject matter of statements to be made by the four delegations in opening up the debate. We added that we thought, judging from the reports we had received from Washington, that there was general agreement among our four governments as to the character of the Agency we wanted and that it was desirable to say as much as we could without getting into areas on which there might be important differences of view as between the four. We were supported on this opinion by the United Kingdom delegation.

3. After a good deal of discussion we suggested that until we could all see a draft of what Mr. Lodge proposed to say upon this subject, we could not usefully carry our discussions further. It was agreed that the United States delegation would send each of us as soon as possible the revised draft of their statement.

4. There seems to be a real danger that, because of inadequate consultation with the French, the statements of the other three delegations may have to be less specific as to the type of Agency we are aiming to negotiate than we had hoped. This would be regrettable from the point of view of Assembly debate since even the present outline as agreed by the United States, United Kingdom and Canada will be received with some disappointment by countries who had hoped for an Agency like that of the March 19 memorandum. If the western powers are to get any credit from

this debate, I think we should try to get agreement among the four to be as specific as the first draft of Lodge's speech which you have.

5. Certainly the present situation has the United States delegation worried. They are aware that India and others may try to have the debate postponed for a period of digestion after the sponsoring powers have introduced their proposal. In any case, no amount of manoeuvring will, in our opinion, succeed in persuading the Assembly to focus its attention upon the Scientific Conference, as the United States have been hoping, and leave the question of the Agency to the wisdom of the sponsoring powers.

6. I think our objective in the forthcoming debate, therefore, should be to say as much as we can about the proposed Agency without embarrassing our friends, to allow a full discussion of these very tentative proposals which are still subject to negotiation, and to conclude with a resolution such as the one we discussed among the four delegations this morning. This would, I think, leave the Assembly with the impression that the organizing powers had taken the Assembly somewhat into their confidence by outlining what they hoped to negotiate. In so doing, the organizing powers would not however be relinquishing any control whatever over the actual negotiations. On the other hand, if we say very little about our objective and merely explain, as the French would like, that since the matter is under negotiation we cannot talk about it, we run the risk that the under-developed countries will try to fill the vacuum by putting forward their own resolution.

7. It was, after all the United States Government which decided to put this item on the Assembly's agenda, with no encouragement from the United Kingdom or Canada, and I think we may all have reason to regret the decision unless our future tactics are very carefully handled. It is perhaps not an exaggeration to say the item the United States psychological warriors have been building up as the "big thing" of this Assembly may turn out to be an embarrassing anti-climax.

194. DEA/14001-2-1-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 218 Ottawa, November 1, 1954

SECRET. IMMEDIATE.

Reference: Your telegram No. 381 of October 30.
Repeat Washington EX-1991.

INTERNATIONAL ATOMIC ENERGY AGENCY

It is gratifying to see the gradual emergence of a more tangible joint approach to what is likely to lie ahead now that the U.S. has precipitated Assembly discussion on this subject. Like you, however, we feel that unless this process is accelerated

the kudos which the United States has relished in anticipation may turn into a harvest of suspicion and bad feeling.

2. To help avoid this regrettable possibility we agree that our objective in the debate should be to say as much as we can about the trend of our thinking without provoking disagreement with our friends. We do not understand why the French wish to be vague and we do not see why the other interested powers should have to follow an unfortunate example of this kind.

3. In this connection while the resolution (your telegram No. 375 of October 29) seems unobjectionable, we anticipate that the fact that no mention has been made of the countries which are to participate in the negotiations envisaged, may provoke unfavourable comment. We doubt that countries like India, for example, will be content to hear the negotiators' names restated to them in Lodge's speech. Presumably this procedure is thought to be unavoidable if the initiative and control over the establishment of the Agency are to remain with us. If this is so, we think that the least that should be done to make this palatable to outside countries would be to emphasize that Lodge's justification for restricting the countries to be included in the initial negotiations is both reasonable and logical.

4. Debate on this aspect of the resolution may well lead into some discussion of the eventual membership of the Agency and it may be difficult to put Assembly inquisitiveness on this score off with the generalities in Lodge's statement which seem to leave the question of membership to the sole decision of the negotiating countries. In order to be prepared to meet such a contingency there would be merit in working out a concerted answer with the other main delegations, which might allay any worries there may be. It might, perhaps, even be desirable to enunciate a tentative formula for membership, subject to the eventual outcome of the negotiations on establishment. A suitable formula to take account of the difficulty over Portugal might include as a matter of right any negotiating country or any member of the United Nations willing to accept the relevant responsibilities. The formula might also include provision for the election of other countries. Obviously we would hope that the debate would not turn to policy questions of this kind, especially when there has been insufficient time to consider their full implications. On the other hand we should seek to place ourselves in a position to rise to any occasion that may face us.

5. As we have said before, we fear that the lumping of the atomic energy agency and the proposed international scientific conference together in one resolution may open the door to over-concern by the scientists with the establishment of the Agency. The objections to this would, of course, be increased if, as seems likely, it should become necessary to insert an extra paragraph recommending that the Advisory Committee should consult, as appropriate, UNESCO, FAO and WHO. We are sending you separately a summary of our instructions† to our Delegation to the UNESCO Conference on the draft resolution submitted by India which seems to envisage intimate concern by UNESCO with international co-operation in the field of atomic energy. In our view it would be desirable in your statement to do what you can to emphasize that these are related but nonetheless separate exercises.

6. We should be grateful for any comments which you might wish to make on the above observations which we know you will wish to discuss with the other interested delegations. However, despite these misgivings, we think that the resolution is, generally speaking, a good one. In the light of these comments we would be prepared to recommend co-sponsorship to the Minister, but before seeking final authority would wish to know which other proposed negotiating governments are also co-sponsoring the resolution.

7. If any additional thoughts should occur to us after this matter has been discussed in the Advisory Panel on Atomic Energy we shall, of course, notify you. In the meantime please let us know when and at what stage of the debate the draft resolution is expected to be tabled and when your own statement will likely be made. Ends.

195. DEA/14001-2-1-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 225 Ottawa, November 2, 1954

SECRET. IMMEDIATE.

Reference: Your telegram No. 401 of November 2.†

INTERNATIONAL ATOMIC ENERGY AGENCY

You are authorized to join with the Governments of the United Kingdom, France and the United States in co-sponsoring the draft resolution along the lines of the text contained in your telegram No. 375 of October 29.

[L.B. PEARSON]

196. DEA/14001-2-1-40

La délégation à l'Assemblée générale des Nations Unies
au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly
to Secretary of State for External Affairs

TELEGRAM 444 New York, November 5, 1954

CONFIDENTIAL. IMPORTANT.

Reference: My telegram No. 429 of November 4† and your telegram No. 235 of November 4.†

PEACEFUL USES OF ATOMIC ENERGY

The 7 delegations met again with Lodge this afternoon. Some editorial improvements were made in the draft resolution. The text as it now stands is given in our immediately following message.

2. Lodge said that he thought it was important, to maintain the momentum of this item, to have the resolution submitted in time to catch the Sunday papers. However, when it became clear that South Africa could probably not secure instructions before Sunday, it was agreed that the 7 delegations should aim at submitting the resolution on Sunday unless the South African delegation can get instructions earlier.

3. After it became clear that all delegations present except South Africa could agree to co-sponsor, I indicated that we could too.

197. DEA/14001-2-1-40

La délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly to Secretary of State for External Affairs

TELEGRAM 445 New York, November 5, 1954

RESTRICTED

Reference: Our immediately preceding telegram.

PEACEFUL USES OF ATOMIC ENERGY

Following is text of revised draft resolution which will probably be submitted by the 7 powers on Sunday. Text Begins:

Draft Resolution on Peaceful Uses of Atomic Energy

The General Assembly

Believing that the benefits arising from the momentous discovery of atomic energy should be placed at the service of mankind;

Hoping that international cooperation in developing and expanding the peaceful uses of atomic energy will assist in lifting the burdens of hunger, poverty and disease;

Believing also that all nations should cooperate in promoting the dissemination of knowledge in the realm of atomic energy for peaceful ends;

A. *Concerning an international atomic energy agency*

Recalling the initiative of the President of the United States embodied in his address of December 8, 1953;

Noting that negotiations are in progress for the establishment as quickly as possible of an international atomic energy agency to facilitate the use by the entire world of atomic energy for peaceful purposes and to encourage international coop-

eration in the further development and practical application of atomic energy for the benefit of mankind;

1. *Suggests* that, once the agency is established, it negotiate an appropriate form of agreement with the United Nations, similar to those of the specialized agencies;

2. *Transmits* to the states participating in the creation of the agency, for their careful consideration, the record of the discussion of this item at the present session of the General Assembly;

3. *Suggests* that members of the United Nations be informed as progress is achieved in the establishment of the agency.

B. *Concerning the international conference on the peaceful uses of atomic energy*

1. *Declares* the interest and concern of the General Assembly in helping in every feasible way to promote the peaceful applications of atomic energy.

2. *Decides* that an international technical conference should be held under the auspices of the United Nations, to explore means of developing the peaceful uses of atomic energy through international cooperation and, in particular, to study the development of atomic power and to consider other technical areas — such as biology, medicine, radiation protection; and fundamental science — in which international cooperation might most effectively be accomplished;

3. *Invites* all states members of the United Nations or of the specialized agencies to participate in the conference and to include among their representatives individual experts competent in the atomic energy field;

4. *Suggests* that the international conference should be held no later than August 1955 at a place to be determined by the Secretary-General of the Advisory Committee mentioned in paragraph 5;

5. *Requests* the Secretary-General of the United Nations, acting upon the advice of a small committee composed of representatives of _____ to issue invitations to this conference, to prepare and circulate to all invitees a detailed agenda, and to provide the necessary staff and services;

6. *Suggests* to the Secretary-General and the Advisory Committee that, in making plans for the international conference, they consult with competent specialized agencies, in particular FAO, WHO and UNESCO;

7. *Invites* the interested specialized agencies to designate persons to represent them at the conference;

8. *Requests* that the Secretary-General circulate for their information a report on the results of this conference to all members of the United Nations, and to other governments and specialized agencies participating in the conference. Text ends.

198. DEA/14001-2-1-40

La délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly to Secretary of State for External Affairs

TELEGRAM 504 New York, November 11, 1954

SECRET. IMMEDIATE.

Repeat Washington No. 92.

PEACEFUL USES OF ATOMIC ENERGY

At his suggestion, I had a long talk this morning with the Secretary-General about the establishment of the international atomic energy agency and the organization of the international scientific conference.

2. Mr. Hammarskjold explained that he wanted to talk to me very informally and on a personal basis. He had not, he said, discussed his personal views on this subject with anyone outside his top advisors in the secretariat except one member of the Norwegian delegation.

3. Not unnaturally the Secretary-General's main concern was that the atomic energy agency should not be set up in such a way that it was in fact outside the United Nations, even though it might in name be a United Nations agency. By way of illustration, he observed that although his own relations with Black were good, neither the Secretary-General nor any of the principal organs of the United Nations had any control whatever over the International Bank. Clearly, he did not favour that type of relationship.

4. The problem was, he thought, both complex and new. There was no reason why this venture should be made to conform to the old pattern of the specialized agencies. Indeed, he thought there was much to be said for establishing any agency with such great potentialities as an additional principal organ of the United Nations. It would, he considered, be inappropriate to have the new agency report to ECOSOC and he agreed that it was politically undesirable to set it up as a subsidiary of the Security Council, although its importance would justify such a position. He therefore thought that the agency should report directly to the General Assembly where all members would have an opportunity to review the agency's reports annually. He did not, however, make clear what powers, if any, he thought the assembly should have in directing or supervising the policies of the agency. As I understood him, he conceived of the agency's relationship to the assembly as fulfilling the political function of giving all members a sense of participation, without allowing the numerical majority to direct the operations of the agency, although it is clear from his comments on the International Bank's loose relationship that he would like to see the atomic energy agency much more closely tied in than the Bank with the United Nations itself. As he said, he is more interested in the substance than in the form.

5. He realizes that at the present early stage of negotiations, the sponsoring countries could not commit themselves to any specific relationship. He did however, with some diffidence, give me the two following paragraphs which he thought might be added to the seven-power resolution in order to keep the door open for the constitutional relationship he thinks would be desirable: Text Begins,

Recognising the desirability that the agency, under the aegis of the United Nations, make the fullest possible contribution towards the achievement of the purposes of the United Nations,

Recommends that an appropriate relationship be established, by agreement, between this agency and (the principal organs of) the United Nations. Text Ends.

The Secretary-General would be prepared to drop the words in brackets if they caused any difficulty for the sponsors, and in that event agreed that the principal organ should be designated as the Assembly.

6. The Secretary-General also discussed with me his role in organizing the scientific conference. He was not sure about the creation of an advisory committee to assist him in carrying out his responsibilities under the seven-power resolution, but since the suggestion had now been made, he would not oppose it.

7. He did, however, hope that consideration might be given to adding Norway to the Advisory Committee. He has been much impressed with Dr. [Gunnar] Randers, the Director of the Norwegian-Netherlands Atomic Energy Establishment and Vice-President of the European Atomic Energy Society. I gathered from Randers (whom I met later in the day) that if Norway were added to the Advisory Committee, he would be their representative and would endeavour to present the strong preference of most European atomic scientists for a smaller conference with a more specific agenda than that which has been contemplated by Admiral Strauss.

8. As regards procedure in the present debate, the Secretary-General thought that there would likely be a short suspension of discussion, perhaps a day or two, if as now seems to be expected, the USSR agree in principle to participate in the scientific conference and possibly the agency as well.

9. Although I expressed interest in the Secretary-General's ideas on both the agency and the conference, I was carefully non-committal, saying that I wanted to discuss these suggestions with you over the weekend.

199. DEA/14001-2-1-40

La délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly to Secretary of State for External Affairs

TELEGRAM 518 New York, November 12, 1954

CONFIDENTIAL IMMEDIATE

Repeat Washington No. 94.

PEACEFUL USES OF ATOMIC ENERGY

The following is the U.S.S.R. delegation's "unofficial translation" of five amendments to the seven-power draft resolution which was delivered by Soviet messenger this evening. Begins:

1. Add after the first paragraph of preamble the following paragraph: "*seeking* to promote by all means the uses of great inventions in the atomic energy field for peaceful ends only for the benefit of peoples and for the amelioration of their living conditions".

2. Add as the first paragraph of the operative part "A" the following paragraph: "*Recommends* that the corresponding states should continue negotiations with the aim to come to an agreement in the field of international cooperation in the peaceful uses of atomic energy".

3. Numerate the paragraphs 1, 2, 3 of the operative part "A" correspondingly as 2, 3, 4.

4. Paragraph 1 of the operative part "A" so re-numbered as paragraph 2 to read as follows: "2. *Recommends* that the agency should be established as an agency responsible to the General Assembly and in the cases provided for by the Charter of the United Nations to the Security Council".

5. Paragraph 2 of the part "B" to read as follows:

"3. *Invites* all states members of the United Nations and of the specialized agencies as well as all other states which will express their desire to participate in the conference and to include among their representatives individual experts competent in the atomic energy field". Ends.

200. DEA/14001-2-1-40

La délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly to Secretary of State for External Affairs

TELEGRAM 519 New York, November 12, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Our immediately preceding telegram.
Repeat Washington No. 95.

PEACEFUL USES OF ATOMIC ENERGY — SOVIET AMENDMENTS

The seven sponsoring delegations met briefly after the First Committee to consider our first reactions to the Soviet amendments which had just been handed to us by the Soviet delegation following the meeting. The text of these amendments is given in our immediately preceding message.

2. Although Lodge made it evident that he was disinclined to consider any of the amendments very seriously and that he thought they were all intended as delaying

devices, most of the other delegations represented seemed to feel that we should make at least some effort to meet the Soviet point of view where we could without compromising our own principles or delaying the setting up of the agency. Although nobody seemed very hopeful about securing a unanimous resolution, the possibility exists and in any case the joint draft resolution is bound to secure a larger vote if the sponsors react reasonably to Soviet suggestions since we all would prefer to secure Soviet participation in the agency.[43]

3. The first Soviet amendment looked innocuous but when Nutting and Lodge thought it might be interpreted as endorsing the Soviet prohibition of the use of atomic weapons, Moch suggested we should simply substitute the corresponding paragraph from the disarmament resolution which has already been accepted by the Soviet Union.

4. On the second Soviet amendment Lodge explained that Vyshinsky had indicated that "by corresponding states": he meant the United States and the U.S.S.R. Moch rather ingeniously suggested that if the Soviet second amendment were added as the second paragraph (rather than the first paragraph) of the operative part of part "A" of the resolution it could only be read as sanctioning the continuation of negotiations among the eight powers, and, possibly the Soviet Union. In other words the assembly would not then be directing the eight powers to wait for the United States and the U.S.S.R. to agree.

5. The fourth and fifth Soviet amendments were generally regarded as unacceptable. However to meet in part the point of the fourth Soviet amendment, it was suggested by the Belgian, French and Canadian representatives that the final words of each first paragraph ("similar to those of the specialized agencies") might be dropped. This would leave the precise type of relationship vague, not prejudging the issue as requested by Vyshinsky.[44]

6. The fifth Soviet amendment seemed, to all of us, unacceptable as it would mean inviting Communist China.[45]

7. Nutting also suggested adding the following paragraph to molify those delegations who now feel they are being completely left out of the negotiations for setting up the agency. The wording he suggested for a final paragraph of part "A" of the joint resolution was as follows:

"Suggests that those member states which have indicated their interest be consulted at an appropriate stage in these negotiations in order that their views may be fully taken into account". The Canadian representative supported this suggestion.

8. We should be grateful for your instructions on the above amendments, none of which have been officially tabled. We are to have a further meeting of the seven delegations after Monday afternoon's session of the First Committee.

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[43] Note marginale :/Marginal note: yes, yes [J.W. Holmes]

[44] Note marginale :/Marginal note: yes [J.W. Holmes]

[45] Note marginale :/Marginal note: of course [J.W. Holmes]

201. DEA/14001-2-1-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 270 Ottawa, November 13, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Your telegrams Nos. 517,† 518 and 519 of November 12.
Repeat Washington EX-2068.

PEACEFUL USES OF ATOMIC ENERGY

We agree with you that, although the prospects of securing a unanimous resolution are not very bright, it would be sound tactics for the sponsors to react reasonably to the Soviet suggestions.

2. Our comments on the Soviet amendments are as follows:

Soviet Amendment (1): While the British and American suspicion of the underlying Soviet intention in putting forward this amendment may be somewhat farfetched, we agree that it is probably desirable to avoid inclusion of a provision of this kind. We are at a loss to follow Moch's suggestion to use the corresponding paragraph from the disarmament resolution since none of the paragraphs in that resolution seem to us to be either appropriate or relevant.

Soviet Amendment (2): If there is any possibility that Lodge's explanation of the term "corresponding states" is accurate, the amendment should be opposed. We do not think Moch's suggestion, though ingenious, meets the situation on all scores. Even if it would have the effect of avoiding the need to wait for United States and Soviet agreement (which is by no means certain), it would still be open to the objection that it would simply be spelling out what is already implicit in the draft resolution, and might make it difficult for the Soviet Union to accept the resolution since it would be endorsing explicitly the negotiations already in train.

Soviet Amendments (4) and (5): We agree that these amendments are unacceptable but we also agree that it would be in order for you to concur in dropping the words "similar to those of the specialized agencies".

3. We agree with the suggestion put forward by Nutting that a paragraph might be added to the resolution to mollify those delegations who now feel they are being completely left out of the negotiations for setting up the agency. The wording suggested by Nutting is agreeable to us.

202. DEA/14001-2-1-40

Le secrétaire d'État aux Affaires extérieures
au chef de la délégation à l'Assemblée générale des Nations Unies

Secretary of State for External Affairs
to Chairman, Delegation to United Nations General Assembly

TELEGRAM 271 Ottawa, November 15, 1954

SECRET. IMMEDIATE.

Reference: Your telegram No. 504 of November 11.

PEACEFUL USES OF ATOMIC ENERGY

I can understand, if I cannot share, the Secretary-General's personal predilection for an atomic energy agency closely associated with the United Nations. I cannot, however, follow his arguments that it would be possible to create a new principal organ which would, on the one hand, give all members of the United Nations a sense of participation, without, on the other hand, allowing the numerical majority a controlling voice in the agency's operation. As I understand it, it would be impossible to create a new principal organ in the sense of paragraph 1 of Article 7 without amending the Charter, which would not only afford the Assembly an opportunity to assert control but would open the establishment of the agency to the veto. Even if Mr. Hammerskjold is really only thinking of a subsidiary organ of the General Assembly as under Article 22, there is still the objection that the majority of United Nations members could assume control during the course of establishment.

2. I am further confused by the Secretary-General's suggested new paragraph which seems to envisage that the agency is to be established by the countries most concerned and that thereafter an appropriate relationship with the United Nations will be worked out by means of agreement with the General Assembly. I do not see how this procedure would create either a principal or a subsidiary organ. It seems to me that the only thing the proposed new paragraphs would do would be to delete specific reference to the eventual creation of a specialized agency relationship and leave the door open for a way around reporting through ECOSOC. Why does the Secretary-General consider that it would be inappropriate for the agency to report through ECOSOC? Surely to do so will still afford the Assembly the opportunity of discussing the agency's annual report.

3. From the outset we have thought that control over the establishment and eventual operation of the agency should remain with the limited number of countries most intimately concerned. Furthermore, as you know, we have anticipated that for some years to come the role of the agency would be a relatively modest one and to give it a special relationship to U.N. would, in our judgement, be misleading since it would give the impression that it would be able to play a much larger part in the development of the peaceful uses of atomic energy than it will, in fact, be able to do. Accordingly, you should offer no encouragement to the Secretary-General to

think that we would support any closer relationship with the U.N. than that of a specialized agency similar to the International Bank and we should not be prepared to go along with his suggested amendment.

4. I think, however, that his suggestion to include Norway on the Advisory Committee for the International Scientific Conference is a reasonable one and you may indicate to the other sponsoring delegations that we are prepared to support its inclusion.

5. In discussing this matter further with the Secretary-General you might wish to indicate my doubts as to the practicability of his scheme as I understand it and to seek further clarification of what he has in mind, which may remove some of those doubts. You might also indicate our appreciation that the Secretary-General has taken us into his confidence in respect of his own views in this matter. I hope to get to New York shortly and to have the privilege of discussing this and other matters with him.

L.B. PEARSON

203. DEA/14001-2-1-40

La délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly to Secretary of State for External Affairs

TELEGRAM 535 New York, November 15, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Your telegrams Nos. 270 of November 13 and No. 271 of November 15. Repeat Washington No. 97.

PEACEFUL USES OF ATOMIC ENERGY

1. Following this afternoon's meeting of the first committee, the seven sponsoring delegations met to discuss the amendments Vyshinsky had given us on Friday (our telegram No. 518 of November 12).

2. Lodge explained that it was his intention to see Vyshinsky tonight and tell him what the sponsoring group could and could not accept. He did not wish to become involved in negotiations with Vyshinsky and was unwilling to discuss what alternative wording we might fall back on if Vyshinsky did not agree to our counter-proposals.

3. In brief, for reasons which you will readily appreciate, the sponsors decided to reject the fifth Soviet amendment (regarding participation of all states in the scientific conference) and to propose the following changes in the joint resolution to meet his other points:

(a) Add after the first paragraph of the preamble the following: "Desiring to promote the use of atomic energy to serve the peaceful pursuits of mankind and to ameliorate their living conditions".

(b) Add as the fourth paragraph of operative part "A", the following: "Suggests that the present negotiations should continue with the aim to come to an agreement in the field of international cooperation in the peaceful uses of atomic energy".

(c) Amend the present first operative paragraph of part "A" by deleting the words "similar to those of the specialized agencies".

4. We also discussed the Secretary-General's suggestions which he had given to the United Kingdom, United States and French delegates as well as to me (our telegram No. 504 of November 11). He had meanwhile added a third paragraph to the other two which would read as follows: "Suggests that consultations be held with the Secretary-General on legal or constitutional issues arising in anticipation of the agreement to be concluded by the United Nations and the agency".

5. Although Lodge saw no great objection to the first two paragraphs proposed by the Secretary-General, we all quickly agreed that the third (quoted above) should not be written into the resolution but such consultations would in practice take place informally.

6. As regards the second, I made the points indicated in your telegram No. 271 and then suggested that we kill two birds with one stone by using the modified language of operative paragraph 1 of part "A" (deleting "similar to those of the specialized agencies") to meet not only Vyshinsky but also the Secretary-General. This was agreed.

7. The Secretary-General's first paragraph could have been accepted as it stood but South Africa objected to the word "achievement" which was therefore replaced by "towards the *principles and* purposes of the United Nations".

8. Nutting's amendment regarding consultation was discussed briefly. I supported it but as Moch had received instructions to oppose it, we dropped it for the time being.

9. As regards the membership of the Advisory Committee of the scientific conference, Lodge and I raised the Secretary-General's interest in Norway being added, but the majority clearly felt it was better to hold the line as the addition of one more would probably involve adding at least half a dozen. It was, however, agreed that the Secretary-General should be encouraged to consult Dr. Randers of Norway on technical problems instead of adding him to the Advisory Committee.

10. Lodge is to report to the sponsoring group tomorrow morning on his talk this evening with Vyshinsky but I doubt whether Vyshinsky will say very much before he gets instructions.

204. DEA/14001-2-1-40

La délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly to Secretary of State for External Affairs

TELEGRAM 561 New York, November 17, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Our telegram No. 549 of November 16.†

PEACEFUL USES OF ATOMIC ENERGY

After this morning's meeting of the First Committee, Lodge told Vyshinsky that he would like, if possible to have the latter's comments on the counter proposals of the sponsors by 3 p.m. this afternoon. Lodge then called a meeting of the seven sponsoring delegations for 4:30 p.m.

2. As he had evidently not yet received his instructions, Vyshinsky did not get in touch with Lodge this afternoon. The sponsoring group therefore considered possible amendments in the light of Vyshinsky's preliminary comments to Lodge on November 15 and in the light of the suggestions which Menon had made in committee this morning. Lodge said in no uncertain terms that he did not regard himself as negotiating with Vyshinsky and, with Spender's emphatic support, added that he did not think we should wait indefinitely for Vyshinsky to give us his considered views. In fact, Lodge and Spender proposed that the sponsors should submit their revised draft resolution without further ado since in their opinion, Vyshinsky was not waiting for instructions but merely stalling and like Micawber "hoping for something to turn up."

3. Moch, Nutting and I took a different view. We maintained that our objective in this matter was to secure an unanimous resolution if we could do so without giving way on any of our basic principles. I said that I thought that to submit the revisions without giving Vyshinsky at least a little longer to respond to our counter proposals would not be in harmony with the prevailing mood of the committee at this session. When Moch raised the question of Soviet co-sponsorship, Nutting doubted whether we should "try too hard" although it was generally agreed if Vyshinsky asked to co-sponsor we should accept his offer.

4. After a good deal of discussion, it was agreed that Lodge would send a copy of the revised draft resolution in its present form to Vyshinsky this evening and would see Vyshinsky in the morning, reporting to the sponsoring group what transpires.

5. The text which Lodge will give Vyshinsky is substantially the text you have. Part B is unchanged, except for the addition of the words "of governments" after "international technical conference" in paragraph 2. The preamble and part A have however been amended to read as follows (new language underlined). Text begins:

The General Assembly,

Believing that the benefits arising from the momentous discovery of atomic energy should be placed at the service of mankind,

Desiring to promote energetically the use of atomic energy to serve the peaceful pursuits of mankind and to ameliorate their living conditions,

Recognizing the importance and the urgency of international cooperation in developing and expanding the peaceful uses of atomic energy *to* assist in lifting the burdens of hunger, poverty and disease,

Believing also that all nations should cooperate in promoting the dissemination of knowledge in the realm of nuclear technology for peaceful ends.

A

Concerning an international atomic energy agency recalling the initiative of the President of the United States embodied in his address of December 8, 1953,

Noting that negotiations are in progress *and the intentional that they should continue* for the establishment as quickly as possible of an international atomic energy agency to facilitate the use by the entire world of atomic energy for peaceful purposes, and to encourage international cooperation in the further development and practical application of atomic energy for the benefit of mankind,

Recognizing the desirability that the agency, under the aegis of the United Nations, make the fullest possible contribution towards the principles and purposes of the United Nations,

1. *Expresses the hope that the international atomic energy agency will be established without delay.*

2. Suggests that, once the agency is established, it negotiate an appropriate form of agreement with the United Nations;

3. Transmits to the states participating in the creation of the agency, for their careful consideration, the record of the discussion of this item at the present session of the General Assembly;

4. Suggests that members of the United Nations be informed as progress is achieved in the establishment of the agency; *and that the views of members who have manifested their interest be fully considered.* Text ends.

205. DEA/14001-2-1-40

La délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly to Secretary of State for External Affairs

TELEGRAM 574 New York, November 18, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Our telegram No. 561 of November 17.
Repeat Washington No. 101.

PEACEFUL USES OF ATOMIC ENERGY

At a meeting of the sponsoring powers this morning, Lodge told us that he had presented Vyshinsky last night with the text of the amended resolution as given in our telegram under reference. This morning Vyshinsky had offered the following three amendments:

(a) In the second paragraph of the preamble, that the word "only" be inserted after the word "serve";

(b) To delete the final paragraph of the preamble of Part A, commencing "recognizing the desirability";

(c) In paragraph 3 of Part B, that the words "as well as all other states which will express their desire" be inserted after the words "specialized agencies".

2. Lodge said that as far as he was concerned he thought Vyshinsky's amendment (b) was acceptable but he was opposed to (a) and (c). We all readily agreed that (c) was unacceptable, even though Vyshinsky had not mentioned China and had confined himself to urging that East Germany, Outer Mongolia, North Korea, etc, be invited to the conference.

3. As regards (a), Lodge found himself alone among the seven in opposing the acceptance of the addition of "only". The rest of us argued that although we did not much like the addition, we had frequently expressed similar hopes before and it would be more embarrassing to oppose this amendment than to accept it. Finally, after an interval for consultation with Washington, Lodge was able to agree to amend the second paragraph of the preamble to read as follows: "Desiring to promote energetically the use of atomic energy to the end that it will serve only the peaceful pursuits of mankind and to ameliorate their living conditions".

4. As regards (b), opinions were divided. Spender thought it would be difficult for Vyshinsky to make a public case for opposing this language. Lodge explained that Vyshinsky's objection was principally to the word "aegis". Nutting wished to retain the paragraph since this was the only one of the Secretary-General's suggestions the sponsors had accepted but when it was pointed out that Vyshinsky might try to substitute for "under the aegis of the United Nations" some closer link with the United Nations and the Security Council in particular, the sponsors agreed to drop the whole paragraph and explain to the Secretary-General that we were doing so in the interests of reaching agreement with the USSR.

5. Lodge will now inform Vyshinsky that we can accept, in effect, two of his three amendments. The revised seven power resolution will be tabled when the First Committee meet again at three o'clock this afternoon, when Lodge, on behalf of the sponsors, will explain the revisions we have made to meet Vyshinsky, Menon and others.

6. We expect to vote on the resolution tomorrow and there seems a good chance that although Vyshinsky will be unable to support paragraph 3 of part B, he should be able to vote for the resolution as a whole.

206. DEA/14001-2-1-40

La délégation à l'Assemblée générale des Nations Unies au secrétaire d'État aux Affaires extérieures

Delegation to United Nations General Assembly to Secretary of State for External Affairs

TELEGRAM 577 New York, November 18, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Our telegram No. 574 of November 18.

PEACEFUL USES OF ATOMIC ENERGY

The revised 7-Power resolution was tabled in committee one this afternoon. Lodge spoke shortly and on behalf of the sponsors explained the reasons behind each of the alterations. He also said that the U.S.S.R.'s suggestion for inviting "all states" to the conference had not been acceptable to the sponsors.

2. Lodge was followed by Vyshinsky who spoke in a conciliatory tone and echoed Lodge's remarks about the agreed changes in the resolution. Vyshinsky introduced an amendment to cover his suggestion (C) contained in our telegram under reference. In support of this amendment he quoted statements from Dulles and Lodge saying that all nations should participate in the conference.

3. The representative of Brazil made a brief statement in which he said that his country would be happy to take part in the work of the Advisory Committee.

4. The delegate of Peru then said that since there was agreement among the great powers there was no reason for any further debate. He did, however, take the opportunity to say that he felt that no region of the world should be excluded from the work of the agency and that regional centres for the peaceful uses of atomic energy should be established.

At this point there was considerable discussion about procedure. Both the United States and the U.S.S.R. said they were prepared to vote but Menon interposed and said that because the great powers were agreed was no reason to assume that other countries did not have something to say. He did not find that the amendments completely satisfied his suggestions. The whole continent of Asia was not represented in the negotiations. He felt that the amended resolution required deep consideration and he was not sure that he would be ready to vote even tomorrow, when according to the rules of procedure a vote would be called. He could not expect to receive instructions before Monday. It was evident that Menon was not in a happy mood and was not prepared to make any concessions to the committee.

5. After further discussion it was decided on Lodge's motion to adjourn until 4:00 p.m. tomorrow. At this time the committee will meet to resume debate and when that is concluded, to vote on the Soviet amendment and the 7-Power resolution.

207. DEA/8508-40

Extrait du procès-verbal de la réunion hebdomadaire des directions
Extract from Weekly Divisional Notes

NO. 47 Ottawa, [n.d.]

SECRET

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4. PEACEFUL USES OF ATOMIC ENERGY

Defence Liaison (1) Division: The debate in Committee One of the United Nations General Assembly on the peaceful uses of atomic energy ended on November 23 when the Committee adopted unanimously a resolution co-sponsored by the United States, the United Kingdom, Canada, France, Belgium, South Africa and Australia. In brief, the resolution expressed the hope that the international atomic energy agency would be established without delay and suggested that once the agency was established it should negotiate an appropriate form of agreement with the United Nations. The resolution also provided for the holding of an international technical conference of governments, to take place during the summer of 1955. Arrangements for the conference are to be made by the Secretary-General of the United Nations, acting on the advice of a small advisory committee composed of representatives of France, the United Kingdom, the United States, Canada, Brazil, India and the Soviet Union.

Now that the United Nations debate is over the United States will no doubt resume discussions with the other co-sponsors of the resolution, the Soviet Union and Portugal, with a view to reaching agreement on a convention to govern the establishment of the international agency. It remains to be seen whether the United Nations debate will have had the effect of making the negotiations with the Soviet Union more fruitful than heretofore.

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SUBDIVISION V/SUB-SECTION V

SOCIÉTÉ FINANCIÈRE INTERNATIONALE
INTERNATIONAL FINANCE CORPORATION

208. PCO/Vol. 2656

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET [Ottawa], November 18, 1954

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UNITED NATIONS; PROPOSED INTERNATIONAL FINANCE CORPORATION

19. *The Secretary of State for External Affairs* said that, following the decision at the meeting of September 8th, 1954, the Canadian delegation now attending the Ninth Session of the General Assembly of the United Nations had been instructed to indicate that Canada had been willing to support an International Finance Corporation under the management of the International Bank for Reconstruction and Development. Since neither the United States nor the United Kingdom had been prepared to support the proposal at that time, Canada had not gone beyond indicating positive interest in it.

The U.S. had recently reconsidered its rather negative attitude and the U.S. Secretary of the Treasury had, on November 11th, announced that the Administration would seek Congressional approval for U.S. participation in the establishment of this Corporation. Although it had originally been suggested that the total capitalization of I.F.C. be the equivalent of $400 million, Mr. Humphrey had now suggested that the Corporation's authorized capital be $100 million and that the subscription of each member country should be in proportion to that member's stock in the International Bank.

The U.S. view was that the Corporation should not directly provide equity financing. It should, however, be empowered to hold securities bearing interest payable only if earned, as well as debentures convertible into stock when purchased from the Corporation by private investors. In that way, it would operate in the area of venture capital without holding equity right of control. It would not compete with either the International Bank itself or the Export-Import Bank.

Mr. Humphrey had emphasized that the operation of such a corporation would, of necessity, have to be experimental and subject to review from time to time. Its success would depend upon its effectiveness in stimulating an increased international movement of private funds.

The U.K. government had not yet commented on the new proposal and the U.K. delegation in New York had been asked to try to get further discussion postponed so that there might be time to give further thought to the matter. The Canadian High Commissioner in London had indicated, however, that the U.K. Treasury conceded that, if the idea of equity financing through the proposed corporation had been abandoned, the scheme might be "a little less unsound" than it was before. The U.K.'s lack of enthusiasm for the proposal stemmed, at least in part, from reluctance to draw further on the limited funds available for spending abroad. However, if enough countries were now in favour of the I.F.C. to ensure its creation, it might be difficult for the U.K. to stay out — both for political reasons and in order to protect or increase markets for U.K. capital goods abroad.

It was probable that the U.S. decision to support early establishment of the Corporation stemmed partly from the expectation that the U.S. would be under increased pressure for economic assistance to Latin American countries at the forthcoming conference of the Organization of American States in Rio de Janeiro. While this consideration did not affect Canada as directly as it affected the U.S., it would seem desirable to acquaint the Canadian observer at Rio with present Canadian views on the proposed Corporation before the Conference opened so that he

might mention, informally, that Canada favoured the proposal. This would offset the negative attitude Canada would probably adopt toward many of the topics to be discussed at Rio.

The proposed Corporation was a more modest and immediately manageable project than the proposed Special United Nations Fund for Economic Development (S.U.N.F.E.D.). It would no doubt be expected to serve underdeveloped countries in many parts of the world, but some benefit would likely accrue to Asian countries which Canada was assisting under the Colombo Plan. India had established an Industrial Finance Corporation and Pakistan and Ceylon might follow suit. The activities of I.F.C. would usefully supplement the work of such corporations in stimulating and assisting private investment. There might be political, as well as economic advantages in supporting the proposal. While pressure for S.U.N.F.E.D. would no doubt continue even if the Corporation was established, Canadian opposition would be more readily understood by the underdeveloped countries than it would if Canada did not support I.F.C.

On the basis of a Corporation capitalized at $100 million and a Canadian contribution in the same ratio as the Canadian contribution to the International Bank, the cost to Canada would probably be between $3 million and $4 million. This money might not have to be found before the fiscal year 1956-57, but it might at least have to be pledged during the coming fiscal year.

In view of the recent change of heart on the part of the U.S. Administration and because of Canada's long standing support of this proposal, he now recommended that Canada participate in the proposed International Finance Corporation on the understanding that the Canadian commitment to subscribe to the capital of the corporation would not be significantly different, in proportion, from that applicable to the International Bank and would not, in any event, involve a subscription in excess of $5 million during 1955-56.

An explanatory memorandum had been circulated.

(Minister's memorandum, Nov. 17, 1954 — Cab. Doc. 246-54)†

20. *The Cabinet,*

(a) approved in principle Canadian participation in a proposed International Finance Corporation to be established, under the management of the International Bank for Reconstruction and Development, for the purpose of helping to finance productive private enterprise in underdeveloped areas through loans without government guarantees; and,

(b) approved Canada undertaking to subscribe to the capital of the Corporation, in a proportion not substantially different from Canada's share in the subscriptions to the International Bank, and in an amount not larger than $5 million.

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209. DEA/11423-40

Note du ministère des Finances

Memorandum by Department of Finance

[Ottawa], December 9, 1954

INTERNATIONAL FINANCE CORPORATION — DISCUSSION AT UNITED NATIONS DECEMBER 4, 1954

Attached herewith is Resolution L249 sponsored by a group of countries (including the United States and Canada).[46] This resolution was designed to replace a resolution put forward by a large group of under-developed countries earlier in the General Assembly and before the United States had decided to support the idea of an IFC.

The new resolution requests the International Bank to prepare draft statutes to govern the Corporation to present the draft to member governments *of the Bank* for discussion and invite them to indicate the support that may be expected from them in providing the capital. The Bank is also requested to take steps to bring about agreement among its members on the statutes and, finally, to report to the Twentieth Session (July, 1955) of the Economic and Social Council. The ECOSOC in turn will report to the next session of the General Assembly.

The Canadian Delegation shared in the preparation of Resolution L249 and in the talks conducted by the United States, the United Kingdom and France and a few others on the one side, with Cuba on the other side representing the under-developed countries. There were two minor issues at stake. The under-developed countries wanted the resolution to affirm, in effect, that the IFC "was a good idea". Cuba's point was that the United Nations has never given formal approval to the idea and they dislike the thought of an IFC coming into existence without the United Nations feeling entitled to take credit for it. The United Kingdom was unwilling to say this, partly because it involved a contradiction of everything it had said in previous discussions about the IFC and partly because their approval of the idea would depend on the ultimate character of the institution. Certain fluffy phrases were placed in the preamble to meet the needs of both parties.

There was some unhappiness on the part of the United States and the other countries of the West at the idea of the Bank's report being presented — as was the wish of the under-developed countries — to the next General Assembly for discussion. In the outcome, it was agreed that the report of the IBRD would go to ECOSOC and ECOSOC would, in the normal course, report thereon to the General Assembly.

It will be noted that the procedure for setting up the IFC, assuming that the Bank can reach agreement on the statutes with its member countries, is left blank. The "developed" countries all recognize the danger of a full-scale discussion of the

[46] Voir/See *United Nations Resolutions*, Series 1, Resolutions Adopted by the General Assembly, Volume 5, 1954-1956, Dusan J. Djonovich ed., New York: Oceana Publications, 1973, p. 128.

draft statutes of the Bank in the General Assembly but it has been tacitly agreed to cross that bridge, or to find a way around it, when we come to it.

I was able to stay for only the first day of debate on the IFC. The United Kingdom made a statement which is attached, as did Canada. If Resolution L249 is passed virtually unchanged, it will be up to the Bank to negotiate with its members concerning the character of the IFC. I was advised privately by the Bank's representative that the Bank will very shortly begin to present draft statutes informally and privately to the principal members of the Bank, including Canada. The Bank may have to wrestle with the problem of how to enable non-Bank members to participate in the IFC (e.g., Argentina). I was told privately that the Bank would like to confine membership of the IFC to the members of the Bank. The Bank feels that this will put legitimate pressure on non-members to join the Bank and Fund. In any case the participation of non-Bank members would raise complicated problems. The admission of non-Bank members will make it impossible to preserve intact, for the IFC, the existing representation on the Board of Directors and the existing division of participation with respect to capital subscriptions. The Bank would like to see the IFC operated by the same Board of Directors, and managed by the staff of the Bank under a management arrangement with the IFC. The IFC would have a president different from the president of the IBRD but the president of the IBRD would be the chairman of the Board of Directors of the IFC.

Attached to this file are copies of the speeches made by the representatives of the United States and the United Kingdom. The Canadian statement† will come along later from New York.

P.S. The Second Committee on December 6th approved the resolution without change by a vote of 45 for, none against and five Soviet bloc abstentions.

[J.F. PARKINSON]

SUBDIVISION VI/SUB-SECTION VI

ÉVALUATION FINALE
FINAL ASSESSMENT

210. DEA/5475-DW-33-40

Le représentant permanent auprès des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Representative to United Nations to Secretary of State for External Affairs

CONFIDENTIAL New York, December 22, 1954

Reference: Your telegram No. 432 of December 15.†

DELEGATION ASSESSMENT OF THE NINTH GENERAL ASSEMBLY

An analysis of the General Assembly in retrospect is attached, together with an outline for the benefit of those who are interested only in particular aspects of the session.

2. It may be helpful in this covering despatch to refer to a few of the main characteristics of the session.

3. *First — a Period of Détente.* For two-thirds of the session there was more sweetness and light in evidence than at any time since the first General Assembly met in London nine years ago. Although a number of the older and less important items continued to run in the familiar groves, throughout most of this period the unanimity achieved in the First Committee on disarmament and on the setting up of an Atomic Energy Agency pervaded the other Committees and past controversies were muted in the general chorus of conciliation of which the theme song was co-existence.

4. *Second — a Period of Increasing Tension.* Before delegates had been able to resolve to their own satisfaction the question of whether the more agreeable face of the new Soviet diplomacy was tactical and temporary or sincere and lasting, the Assembly was pitch-forked back into the cold war. The Soviet group introduced three propaganda items, two of which concerned China. The Chinese Communists themselves, perhaps anticipating and wishing to distort the motives of the forthcoming Treaty between the United States and Nationalist China, set off a furor in the United States by the announcement that they had sentenced eleven United States airmen, who had served the United Nations in Korea, to long prison terms. In short order the case of the American fliers was also brought before the Assembly and a series of angry exchanges and recriminations occurred, while outside the United Nations tension was increasing as ratification of the London and Paris agreements to re-arm Western Germany drew nearer.

5. Nevertheless, the hope generated by the unanimous resolutions on disarmament and atomic energy persisted. As the President of the Assembly said in his closing remarks, these agreements, though procedural, do provide the "essential prerequisites" for successful substantive negotiations. Delegates were acutely conscious of the risks which might be entailed if the Secretary-General failed in his mission to Peking to secure the release of the American airmen. Not only would there be a loss of prestige for the United Nations but it was possible that public opinion in the United States might force the United States Delegation to request members of the United Nations to take some additional action to secure the release of these airmen. On the other hand, it could not be denied that if the Secretary-General succeeded, the prestige of the United Nations would be greatly augmented and an important step would have been taken towards normalizing relations with Communist China, if no fresh provocation were committed. From the point of view of New Delhi, the Assembly's resolution on the fliers might appear singularly unhelpful but given the state of public opinion in the United States the United Nations could hardly have done less.

6. *Third — Success of Colonial Powers.* During the Ninth Session the colonial powers had a greater measure of success than in any recent session. It was notewor-

thy that the Netherlands and Australia were able to muster sufficient votes to prevent a resolution acceptable to Indonesia, which had received a majority of more than two-thirds in the First Committee, from receiving the necessary two-thirds majority in Plenary. The United Kingdom and France were each even more successful. The United Kingdom succeeded in having a resolution passed on Cyprus which was acceptable to them. Similarly the resolutions on Tunisia and Morocco were both acceptable to the French Delegation. In the cases of Cyprus, Tunisia and Morocco, friends of the colonial powers found themselves in the unusual position of being begged by the colonial powers to vote *for* instead of *against* the resolutions which were eventually passed on these three items. The reason for the success of the colonial powers was partly the United States-United Kingdom co-operation at this Assembly referred to below and partly the increasing caution of the Scandinavian and Latin American members in intervening in this field.

7. *Fourth — United States-United Kingdom Co-operation.* Behind the headlines, one of the chief features of the session was not the tenuous and superficial *détente*, for purposes of mutual convenience, between the United States and the USSR, but the solid and real *entente*, between the United Kingdom and the United States. These two delegations between them invariably have great influence in the United Nations but at this session of the Assembly they achieved a remarkable degree of accommodation and co-ordination which for the first time began to extend beyond East-West issues and into the colonial and economic fields.

8. This unparalleled degree of United States-United Kingdom co-operation was based on practical exigencies. The two delegations badly needed one another's support. Although there was, so far as we are aware, no "deal", both delegations, building on understandings arrived at during Sir Winston Churchill's visit to Washington last summer, supported one another effectively on such otherwise controversial issues as Chinese representation, the case of the United States airmen, and the Cyprus question.

9. *Fifth — Personnel Problems.* Personnel problems of the Secretariat, which had plagued the two previous General Assemblies and which had tended to separate the United States from its closest friends, seemed to be on the way to a satisfactory solution. The United States Delegation agreed at this Assembly to support the payment of the controversial awards of the Administrative Tribunal to dismissed employees and at the same time obtained a decision in principle of the General Assembly that there should be a judicial review of future awards of the Administrative Tribunal.

10. *Sixth — General.* Taken as a whole the Assembly seemed to reflect an encouraging slackening of tension and a real desire on both sides to proceed step by step towards mutual accommodations so that the nations of the world might gradually move onto firmer and surer ground instead, as Sir Winston Churchill has recently put it, of "roaming and peering around the brim of hell".

11. At the United Nations, the Great Powers have to put on their Sunday best, for they are paraded before a world public. To some extent, therefore, the agreements arrived at and the sentiments expressed are artificial. Resolutions are worded so that they can be variously interpreted to satisfy fundamentally divergent points of

view. This papering over of the cracks is not without value if it fosters the fundamental purpose of the United Nations, of harmonizing conflicting points of view or creating a climate of opinion in which negotiations, whether inside or outside the United Nations, become both possible and fruitful. But in the last analysis, the accomplishments of the present session will be worth little if, when the eyes of the world are turned elsewhere, the Great Powers do not seriously follow up the possibilities which have been opened by the work of this session.

DAVID M. JOHNSON

[PIÈCE JOINTE/ENCLOSURE]

Évaluation

Assessment

CONFIDENTIAL [New York], December 20, 1954

OUTLINE OF DELEGATION ASSESSMENT OF THE NINTH GENERAL ASSEMBLY

General Introduction: Political
- Disarmament
- Atoms for Peace
- Korea
- American Airmen
- Cyprus
- New Guinea
- Morocco and Tunisia

Colonialism and the U.N.
- Competence and Realism

The Work of Other Committees: the Ad Hoc
- Burma
- South Africa
- Palestine
- New Members
- Soviet Propaganda Items

The Economic Committee and the Under-Developed Countries
- International Financial Corporation
- SUNFED

Human Rights and Wrongs
- Forced Labour
- Assembly vs. ECOSOC

Trusteeship and Colonialism: Stretching the Charter

Administrative and Financial Matters: the Per Capita Principle
- Tribunal Awards
- Secretariat Re-organization

Legal Problems
- Continental Shelf and Fisheries

Groups and Personalities
- Leadership

Chinese Representations

THE NINTH GENERAL ASSEMBLY IN RETROSPECT

Another Assembly is over. Once again procrastinating Committees which had approached their agenda in a leisurely fashion for the first two months of the Session managed somehow to tackle, postpone or otherwise dispose of all their remaining items in the final month, and concluded in time for most Delegates to return to their neglected families for Christmas. In many ways, the Ninth Session which ended on December 17 ran true to form: the last minute rush to finish, the incessant speeches, the ubiquitous press, the receptions, the papers, the weariness. But in more important ways it was different. From the point of view of most participants and for the Canadian Delegation in particular, it was perhaps the most interesting and hopeful session of recent years.

2. Both the interest and the hope were, of course, relative. After the rather stultifying Eighth Session, it had seemed as if nothing of importance could be negotiated in the United Nations, at least not until the problem of Chinese representation had been solved and the Organization had become much more nearly universal in membership. At Berlin, Geneva and elsewhere, the United Nations was being by-passed. United States opinion was becoming increasingly negative towards it. Informal private talks on disarmament among the Five Powers in London had got nowhere and had seemed totally unreal as relations between the East and West worsened over Indo China and Germany.

3. Between June and September, a break in these ominous clouds occurred. The fighting in Indo China was stopped. For the first time a session of the Assembly met in a world at peace — or at least an absence of war.

4. Unknown to each other, both sides in the remaining "cold war" were preparing peaceful initiatives for the Assembly. Despite the lack of enthusiasm of many of his technical officials, President Eisenhower was determined to accept no further delay in carrying his "Atoms for Peace" plan a step further towards the establishment of an International Atomic Energy Agency under the aegis of the United Nations, as he had proposed before the Assembly on December 8 last year. Public opinion throughout the world was becoming sufficiently disturbed by the appalling prospect of thermonuclear warfare that a bold United States initiative to dramatize and develop the peaceful uses of atomic energy had become necessary, whatever the technical complications.

5. At the same time, the USSR, watching Western efforts to wrest agreement from the ashes of E.D.C. on some alternative means of having Western Germany pull its weight in the defence effort of Western Europe, was preparing a new disarmament proposal to present to the Assembly in time to put a spoke in the wheel of French ratification. For, as the French representative on the Disarmament Commission, M. Jules Moch, had long argued, if a measure of actual disarmament could be achieved (or even if there were a reasonable hope of achieving it), German divisions would become unnecessary to redress the military imbalance on the European continent. It was no accident that Mr. Molotov gave an advance copy of the Soviet proposals to the French Ambassador in Moscow.

6. From these two initiatives of the Great Powers, announced in the opening speeches of Mr. Dulles and Mr. Vyshinsky, the Assembly drew hope — hope that

was later consolidated by the not inconsiderable achievement of unanimous resolutions on both these subjects, disarmament and "atoms for peace". Though much of the rest of the Assembly was routine, and there were times when we seemed to be back to the "cold-war-as-usual", these two major items gave the Assembly a lift that the United Nations badly needed. No doubt they encouraged many wild and wishful hopes of an approaching golden age of co-existence. General Romulo could carry himself away with a rhetorical vision of "the United Nations energized by the atom". The cautious and shrewd Foreign Minister of Norway, Mr. Lange, affirmed without qualification that the Russians were sincere in their search for a disarmament agreement. As soon as he heard of the Soviet proposals, M. Jules Moch wired his Premier advising him to delay ratification until there had been an opportunity to explore fully the new possibilities of agreement. But even the most conservative assessments conceded that the atmosphere of the Session as a whole was much improved and, whether or not any substantive advances had been made, there were sufficient grounds for hope to make it worthwhile to go on trying to secure Soviet cooperation in a United Nations atomic energy agency, in disarmament and in other efforts to lessen international tension.

7. In this sense, the main accomplishment of the Session may have been the renewed impetus given towards a genuine effort on all fronts to arrive at a *modus vivendi* that would give meaning to "co-existence". This new sense of direction was strengthened by President Eisenhower's reiterated counsels of moderation, patience and restraint in the face of difficult domestic and foreign pressures and provocations. The same impulse found vigorous expression in the statement and personality of M. Mendes-France who chose the Assembly as the forum for his proposals for a meeting of the Big Four next May to discuss Germany, and perhaps Austria and a European armaments control plan as well.

Disarmament

8. In the disarmament item, the first to be discussed by the Political Committee, the Canadian Delegation was fortuitously pushed into unaccustomed prominence. In the private preliminary discussions among the four main Western Delegations involved (United States, United Kingdom, France and Canada), the main objective was clearly, as one delegate put it, "to keep the French in bed with us".

9. When agreement had been reached on the text of a resolution providing for the reconvening of the Five Power Sub-Committee (United States, United Kingdom, France, Canada and USSR) to seek an acceptable solution and to report as soon as sufficient progress had been made (and *not* by a fixed date which might give the USSR an Assembly platform during ratification proceedings in Paris), the question of sponsorship arose. The procedure for dealing with the item which had been agreed among the Four was substantially that proposed by Mr. Martin. We had assumed, along with the United States and the United Kingdom, that the four Western powers would sponsor the resolution on disarmament, but Mr. Moch of France objected on the grounds that the Soviet Union, the fifth member of the Sub-Committee, should not be excluded. As there were difficulties about having the United States or the United Kingdom or France sole sponsor, Mr. Moch made the ingenious proposal that Canada should sponsor alone initially, and invite the other four

members of the London Sub-Committee (United Kingdom, United States, France and USSR) to co-sponsor. The Western three would at once accept. As the resolution was largely procedural, it would be difficult for the USSR, on its present tack of sweet reasonableness, to refuse; and there would be no obvious "ganging up".

10. Within the limits of a general assessment of the Session, the story of the intricate negotiations between Mr. Martin on behalf of the Western sponsors and Mr. Vyshinsky cannot be told in detail. On several occasions, the talks nearly foundered, but thanks to persistence and a conciliatory spirit on both sides, Mr. Martin was able to achieve agreement on amendments which were acceptable to the Western Powers and permitted the USSR to co-sponsor the amended resolution. It was the first time since January, 1946, that East and West had agreed to co-sponsor a resolution. Ten days efforts had paid off.

11. It had been an interesting and in many ways valuable exercise for the Canadian Delegation. We were perhaps given more prominence in the press than was altogether warranted, for it had been a Western teamwork operation from beginning to end. On the other hand, Canadian Delegations at past Assemblies had too often been given far less recognition than was warranted because we have been content to exert what influence we could largely in private — as, for example, the untold story of Mr. Pearson's leading part in the Korean negotiations at the 1952 Assembly.

12. In the negotiations on disarmament, a good deal more than publicity was achieved at little risk. As M. Moch had realized, Mr. Vyshinsky was in a position in which he had to appear reasonable; he could not afford to be otherwise or it would undercut the favourable impression created by Soviet acceptance of the Anglo-French disarmament proposals as a basis of negotiations. Soviet counter-proposals already made it doubtful that the USSR had really given much away by accepting the Anglo-French paper "as a basis", and if they were shown to be reluctant to accept a non-controversial definition of the fundamental disarmament objectives and a reasonable procedure for resuming private negotiations, the sincerity of their new approach would have become highly questionable, even for European opinion. Any gain for Soviet propaganda by accepting the Western resolution was, in our opinion at least, more than paid for by the advantage to the West of pinning down the USSR

(a) to a timetable and procedure which would not conflict with French ratification, and

(b) to a definition of objectives in basically Western terms.

13. Moreover, in the course of debate on this item, the Soviet "concessions" were progressively cut down to size by diligent Western cross-examination of Mr. Vyshinsky's proposals.

14. On some important points — to do chiefly with phasing, the prohibition of atomic weapons and the reduction of arms and armed forces — there appeared to have been a real advance in the Soviet position. However, on the crux of the problem, control, there was little change in their basically unacceptable proposition that prohibition of atomic weapons must precede the effective institution of control in

the sense of inspection, though there was a narrowing of the gap in the time table of prohibition and control.

15. It remains for the disarmament sub-committee to see whether, despite Western progress towards the controlled rearmament of Western Germany, some measure of agreement on a comprehensive disarmament system with effective safeguards and controls can yet be reached. When the Disarmament Sub-Committee had its first meeting on December 8, Mr. Sobolev, the Soviet Representative, sounded a discouraging note. He said that the decision of the Western Powers to permit the rearming of Western Germany was contrary to the spirit and intent of the disarmament resolution and would make a comprehensive system of disarmament difficult to obtain. When Mr. Sobolev was asked after the meeting if his statement meant that the Soviet Union would not be interested in taking part in disarmament talks if the decision to rearm Germany was ratified, he replied that his statement was not intended to have that implication but he did not elaborate.

Atoms for Peace

16. Disarmament and the next political item "Atoms for Peace" took up two-thirds of the First Committee's time. The "Atoms for Peace" item also culminated in a unanimous resolution although it was not co-sponsored by the Soviet Delegation. In some respects, however, the achievement of unanimity on this resolution was at least as important as the unanimity on the disarmament resolution. Both resolutions were, on a number of points, vague and evasive, dealing with procedure and broad objectives. But whereas few observers considered at the end of the session that a disarmament accord was within sight, there were good reasons for believing that, if the Western Powers wished to take the trouble, they might secure Soviet participation in an International Atomic Energy Agency under the United Nations.

17. The main outstanding problem which emerged from the debate was the question of the proposed agency's relationship to the Security Council. The Soviet Delegation maintained that some such relationship was essential in order to protect states from the risk of fissile material being diverted from peaceful to warlike purposes and in order to protect the minority group in the Agency from having its atomic policies wholly dictated by the majority.

18. Mr. Lodge resisted this argument, explaining that it was open to any state, in accordance with the Charter, to raise a matter affecting its security in the Security Council. What he wished to avoid was having the new Agency "bogged down in the veto". He did not, however, rule out some connection with the Security Council and in the end agreed to a modification in the wording of the Western resolution (which Canada joined in co-sponsoring) so as not to pre-judge this issue. As adopted, the resolution said simply that, once established, the Agency would negotiate an appropriate relationship with the United Nations. After some private negotiations between Mr. Lodge and Mr. Vyshinsky (who died a few days later), the sponsors omitted an explicit reference to their intention of establishing the relationship of the Agency to the United Nations on a basis similar to that of the Specialized Agencies. This concept of a Specialized Agency relationship, which had been initially suggested by the Canadian Delegation, was, however, the closest form of

relationship the Western organizing powers (United States, United Kingdom, Canada, France, Belgium, Australia, South Africa, Portugal) were likely to accept.

19. Once the chief bone of contention between the United States and the USSR had been buried and unanimity on the resolution assured, the other delegations not directly involved showed the same tendency as in the disarmament debate to avoid putting forward amendments which might in any way upset the precarious applecart. On both the disarmament and atomic energy items India, Lebanon, Philippines and a number of other delegations would have pressed amendments or alternative resolutions but for the fact of Great Power unanimity. For fear of disturbing that rare achievement, India held back from pressing her intended claims to participate in both the disarmament and atomic energy private negotiations, although Mr. Krishna Menon made no secret of the fact that he had misgivings. Indeed, in the final stages of the atomic energy debate when the Peruvian Delegate was so rash as to say that since the Great Powers had agreed he thought the smaller ones should desist from efforts to improve matters, he was sharply taken to task by Mr. Krishna Menon who for the first time publicly expressed Indian apprehensions lest some day the United States and the USSR should agree and divide the world between them.

20. India and other countries were also critical of the Atomic Powers for their declared intention of negotiating a complete treaty setting up an Atomic Energy Agency before consulting more than perfunctorily with other countries and without convening a general conference of all prospective participants as had been done when other Specialized Agencies had been set up. To meet this criticism, it became necessary for the principal Western spokesmen to promise that before any treaty was ratified they would broaden the scope of consultations. This vague promise is taken to include India, Brazil, and other countries who would be in a position to make some contribution to an Atomic Energy Agency.

21. Aside from these rather marginal criticisms, the decision of President Eisenhower to report to the General Assembly on the progress of negotiations for the establishment of an Atomic Energy Agency, although the negotiations had hardly gone beyond consultations among a small group in Washington, was in the event vindicated by the enthusiasm and gratitude of the great majority of member states, all of whom were promised an opportunity to participate in the future work of the Agency. Indeed the problem became one of restraining the enthusiasm of those who fondly imagined that the era of atomic power was just around the corner. It was explained by Western spokesmen that the first requirement was for states to prepare themselves technically for economic power development which was still in the future, that the first function of the Agency would be to assist in technical training and research programmes. To this end, as a concrete indication that there was more to the Agency proposal than "training courses and isotopes" as Mr. Vyshinsky had caustically observed, the United States pledged to provide 220 lbs. and the United Kingdom 44 lbs. of fissile material for the future Agency. These offers undoubtedly made a great impression and contributed to the successful outcome of the debate.

22. Although the main interest of the debate naturally focused on the Atomic Energy Agency, unanimity for the secondary part of the resolution was also successfully negotiated, providing for the Secretary-General to convene next summer an International Scientific Conference. In organizing the Conference he will be assisted (and in fact guided) by an Advisory Committee composed of representatives of the USSR, United States, United Kingdom, Canada, France, India and Brazil. Here too the under-developed or non-atomic countries unsuccessfully sought additional representation on the Advisory Committee.

Korea

23. Although muted by the conciliatory mood created by the previous items, the spokesmen of the Soviet bloc in the Korean debate reiterated in routine fashion the old arguments of previous Assemblies and of the Geneva Conference. Genuinely free all-Korean elections could not take place, they said, in the presence of foreign occupation forces. They emphasized this point much more than the controversial character of United Nations supervision of the elections; for the formula presented in the report of the fifteen powers with troops in Korea was (thanks largely to persistent back-stage Canadian efforts) so flexible that it was difficult even for the Communists to take exception to it.

24. Apart from the Communists, there was general acceptance of the fact of stalemate in Korea and therefore of the probable futility of any future attempt in present circumstances to carry on negotiations from where the Geneva Conference left off. The attitude of the Indian Delegation in this regard was particularly helpful and it was unfortunate that the United States could not see its way clear to supporting an Indian resolution in substantially Western terms. In any event, however, the Western resolution was adopted with only four abstentions and the Soviet bloc alone in opposition.

American Airmen

25. Perhaps the best example of the way in which the close teamwork of the United States and United Kingdom worked at this Assembly was the inter-play between the two Delegations in private at the time of the debate towards the end of the session on the American fliers. The United Kingdom Delegation was so apprehensive when Mr. Lodge had first told Mr. Nutting of their intention of bringing this case before the United Nations and seeking at least condemnation of Communist China that Mr. Nutting had cabled home suggesting that Sir Winston Churchill intervene at once with the President. As it turned out this was not done because the United Kingdom Delegation was able to restrict the scope and moderate the language of the original United States resolution.

26. Looked at from the vantage point of New Delhi, the terms of the final resolution no doubt appear to be "singularly unhelpful" but in the atmosphere of New York and of the United States as a whole the resolution was about as moderate as could be expected. It could be argued that there would have been more chance of securing the release of the prisoners if no United Nations action had been taken and if the United States had followed the course taken by Canada in obtaining the release of Squadron Leader MacKenzie (i.e., negotiations in private). But once

President Eisenhower had publicly said that United Nations prestige was involved, some United Nations action became inevitable. Certainly the United States Delegation was determined, either with the support of the states with troops in Korea or without their support, to introduce a firm resolution at this Assembly.

27. Instead of a resolution being submitted in the Security Council condemning the Chinese Communist Government, a resolution was submitted in the Assembly condemning not the Government but the act of detaining the eleven United States airmen as a violation of the Armistice Agreement, while requesting the Secretary-General to mediate for the release of the airmen. Having secured the type of action acceptable to United States public opinion but least likely to lead to undesirable consequences in the event of a Communist rejection, the United Kingdom Delegation then spoke up vigorously in the Assembly in favour of the United States case.

Cyprus

28. The handling of the Cyprus item was another example of close United Kingdom-United States co-operation. Nutting's wholehearted support of the United States on the prisoners of war item was, no doubt, given with the hope of obtaining the wholehearted co-operation of the United States on the Cyprus item. This came about. The United States position on Cyprus was crucial and decisive. They were prepared to vote against any resolution on substance no matter how innocuous it might be but they were not prepared to canvass actively among Latin American or other Delegations in support of this position. The United States were, however, prepared not only to support a procedural resolution that the General Assembly should not further consider this item but were also prepared to canvass actively in support of it. The United Kingdom in order to attract the greatest United States support, persuaded the New Zealand Delegation to introduce a procedural resolution (that the General Assembly should not consider this question further) and to have it voted upon first.

29. In view of the fact that the Cyprus question had been inscribed by an Assembly vote of 30 to 19 with 11 abstentions, a very awkward vote on the apparently innocuous Greek resolution on the substance of the Cyprus question could not have been avoided without strong United States support among the Latin American Delegations in favour of the alternative procedural motion. So strong was the support for the postponement motion on Cyprus that had Mr. Kyrou, the Greek Delegate, not shrewdly decided to support it himself, (once the Latins had amended it by adding "for the time being"), he would have been left with only the Soviet bloc, Iceland, and a handful of Arabs and Latins supporting him. Indeed from the time he had heard incredulously of the United States decision to oppose rather than abstain on the Greek resolution, Mr. Kyrou had, with a good deal of dignity and moderation, reconciled himself to being a "good loser". (The mobs of angry students outside American Missions in Athens did not.)

New Guinea

30. The handling of the Indonesian item clearly points the contrast. Here the Netherlands delegation had been unable to secure the support of the United States which decided from the outset that it would abstain, in keeping with its traditional

policy on colonial questions. The result was that, although in logic and in law the Netherlands had at least as good a case as had the United Kingdom for resisting Assembly pressure to negotiate, the Dutch had a much harder time of it in defending their point of view. Despite the strong and well reasoned opposition of the Netherlands and Australian Delegations, the First Committee adopted by more than a two-thirds majority a resolution expressing the hope that Indonesia and the Netherlands would pursue their endeavours to find a solution to the dispute and report on progress to the tenth session. This resolution was only defeated in plenary on the application of the two-thirds rule when Canada and five other countries changed their votes. The upshot was, therefore, that the Assembly adopted no resolution on this question. It is fully expected, however, that when the Indonesians return to the charge at the next session, the Netherlands will have to accept at least a reference to the International Court for an advisory opinion, as suggested at this session by the Canadian representative, on the questions of whether:

(a) the Netherlands retains sovereignty under the Round Table Agreements in the absence of a negotiated settlement, and

(b) the Netherlands has any continuing obligation to negotiate with Indonesia in view of the failure of the negotiations prior to the dissolution of the Netherlands-Indonesian Union.

Morocco and Tunisia

31. Taking their cue from the failure of the resolution on Indonesia and the success of the resolution on Cyprus, the Arabs progressively watered down their projected resolutions on Morocco and Tunisia until they merely postponed for the time being consideration of these questions. Here the decisive factor was not United States support for the *status quo* (as in the case of Cyprus), but the fact that the Mendes-France Government had adopted a much more conciliatory and liberal attitude towards North Africa, and Tunisia in particular. At the time of the Assembly's consideration of these questions, negotiations on Tunisia were actually proceeding in Paris between the Nationalists and the French Government, with comparable reforms and negotiations in prospect for Morocco, although the situation there was admittedly more difficult because of the position of the deposed Sultan. In view of the circumstances, the Arabs were not disposed to press for Assembly action at this session, pending the outcome of the negotiations on Tunisia and the evolution of French policy in regard to Morocco. Their limited objective, which they attained, was to keep the issue alive before the United Nations so that, if pending negotiations and reforms were not satisfactory, it could be raised again at future sessions of the Assembly.

32. In any event, the Arabs probably knew that in its present mood the Assembly would not have found a two-thirds majority in favour of doing anything more than this bare minimum. The French Delegation found itself in the unusual position of begging its friends to vote for both the resolution on Morocco and the resolution on Tunisia.

Colonialism and the United Nations

33. The same basic minimum was achieved by the Greek Delegation in the Cyprus debate. In this case, however, the Greeks were far less ready than the Arabs to acquiesce in a postponement resolution for, although they had succeeded in having the question of Cyprus recognized as one of "international concern", they had not secured the slightest encouragement for bilateral negotiations which they had sought to force upon the United Kingdom.

34. It may be said in passing that, although we are here discussing the Cyprus question with colonial questions since it was debated in the Assembly in that context, it cannot properly speaking be considered a colonial question since what is at issue is basically the transfer of sovereignty of a colonial territory from one member of the United Nations to another. There is, however, little question that given the right of self-determination — a right nowhere embodied in the Charter although there is a general reference to the principle — the Island of Cyprus would go to Greece. A similar argument can be made for not considering the question of West New Guinea as a colonial issue, but here the force of the argument is weakened by the fact that self-determination could have little meaning for the Papuan bushmen who, as the Foreign Minister of Indonesia said to the Australian Minister of External Affairs, "look a lot more like me than like you", although racially distinct from the Indonesian people.

35. It may be said, therefore, that the clearest colonial issues before the Political Committee at the present session were those of Tunisia and Morocco. Here the United Nations could legitimately take some share of the credit for creating during the past few years a sufficient body of public opinion, even in France, sympathetic to the aspirations of the North African Nationalists, to enable the Mendes-France Government, despite the *colons* lobby, to start on the path of negotiations and reforms which could scarcely have been contemplated by any French Government before the issue came to the United Nations. This may be an over-simplification, but in our opinion some credit should go to the United Nations for indirectly bringing a French Government to the point of tackling the problem by means of evolution and negotiation, rather than by purely repressive measures.

36. For its part, the Assembly responded to the new French policy towards Tunisia by expressing its confidence, in an almost unanimous resolution, that a satisfactory solution would be found.

Competence and Realism

37. The positions on these so-called colonial issues of a number of middle-of-the-road delegations, including the Canadian, show a significant shift during the present session. Although the South African, Australian, Belgian and French delegations continued to advance the classical arguments on competence based on the strict interpretation of Article 2(VII) (domestic jurisdiction), the United Kingdom delegation led the way, when opposing the inscription of the Cyprus issue, towards gaining increasing support for the "colonial position" on political and practical grounds rather than on grounds of competence. They found considerably more sympathy for arguments against adding additional items, the consideration of which could serve no useful purpose and which might lead to undesirable political

and strategic consequences, than they did on the basis of legal arguments on competence. Australia also invoked the strategic argument in opposing action on New Guinea.

38. It was clear that a number of responsible delegations with liberal traditions with regard to the Assembly's competence to discuss almost every question were becoming concerned by the tendency to overload the Assembly's agenda with special grievances and use it as a sounding-board year after year for publicizing their points of view which could only come to fruition by bilateral negotiation outside the United Nations. Not only was this involving the Assembly in an increasingly long list of annually recurring items of doubtful international concern (of the type of "Indians in South Africa"), but there seemed to be a serious risk of the practice spreading and the Assembly becoming a "wailing-wall" for any country with an ethnic minority in some other country. From this point of view, Cyprus — the last remaining British-owned base in the Near East — might be but the first of a series of complaints seeking to detach bit by bit other strategic links in the chain of empire; and though even the best friends of the United Kingdom might feel critical of official public statements to the effect that the United Kingdom would "never" give Cyprus independence and would "never" talk to the Greeks about the future of the island, nevertheless there was a general reluctance to involve the United Nations on a course which could do little but exacerbate relations between friendly powers and drastically reduce the co-operation between the United Nations and some of its staunchest supporters.

39. For these reasons among others, the Canadian, Norwegian, Swedish and Danish delegations showed a stronger tendency than before to take sides on questions like Cyprus and New Guinea. For the first time in such a case, the Canadian Delegation opposed inscription of the Cyprus item. We also, in the end, gave outright support to the Netherlands and United Kingdom Delegations in the voting. The Scandinavian Delegations (with the exception of Iceland, which had its own axe to grind with the United Kingdom over fisheries) also came "off the fence" on these issues at this session and gave timely support to the United Kingdom in the Cyprus debate. Like the Canadian Delegation, the Scandinavians and others who shifted from a neutral position on these issues, did so on grounds of practicality and timeliness without in any way modifying their views on the question of competence.

The Work of Other Committees: the Ad Hoc

40. Most of the items assigned to the Ad Hoc Committee at this session had been discussed many times before and gave rise to very little in the way of new, original or creative ideas as to how solutions might be reached.

Chinese Nationalists Leave Burma

41. Substantial progress towards a satisfactory settlement was evident with respect to only one of the items, i.e., the Burmese complaint against Nationalist China. The Burmese, acknowledging a real improvement in the situation, again handled their case sensibly and moderately and, in fact, the harshest words uttered in the debate came from the Indian Representative. A resolution noting the progress made was adopted unanimously although the Chinese Delegation did not participate in the

vote. This item and that on Palestine refugees were the only two of the eight items before the Ad Hoc Committee which did not produce either an East-West division or a division between the supporters and opponents of Article 2(VII).

South African Items

42. The atmosphere of the debate on treatment of Indians in South Africa was very much better than that of the later debate on race conflict. The resolution produced on the first of these items contained nothing condemnatory and placed full stress on direct negotiations as the only hopeful course. The South African Delegation showed its appreciation for this relative moderation by only abstaining on two parts of the resolution instead of following its usual policy of voting "no" on every part of every resolution relating to South Africa. The resolution on race conflict, on the other hand, was in much stronger language, and the debate, particularly the main Indian intervention by Mr. Trikumdas, was marked by a number of harshly worded accusations.

43. The Soviet bloc voted in favour of all parts of the resolutions adopted but played a brief and rather casual role in the debate. The 2(VII) group supported South Africa's arguments on domestic jurisdiction; the United States, Scandinavian and some Latin Delegations voted in favour of the innocuous expressions of decent sentiments and abstained on the more extreme parts of the resolutions, but took almost no part in debate; Canada continued nearer than the rest of the Old Commonwealth to the Indian position but expressed doubts on competence and utility.

Palestine Refugees

44. The debate on Palestine refugees consisted of a week or two of angry recriminations between the Arab States and Israel, and revealed no compromises on either side. The countries contributing to UNRWA managed to work in a few short statements to the effect that something had better be done fairly soon to get the refugees off relief because contributions would not be forthcoming forever. The Soviet bloc took no part at all in the debate on this item and abstained on the final resolution, along with Israel, Burma and Iraq. The Latin American and Afro-Asian delegations (other than Arabs) took almost no part in the debate at all, probably appreciating that the price of admission to this particular squabble was a contribution to UNRWA. The resolution was put up by France, Turkey, the United Kingdom and United States, all members of the Advisory Commission of UNRWA, and approves a relief and rehabilitation budget for the next fiscal year of UNRWA and extends the mandate of the Agency for five years. The fact that both Israel and Iraq abstained probably indicates that the sponsors did not go too far in acceding to the demands of either side.

New Members

45. On this subject, as on the three Soviet bloc items, the Committee divided primarily on East-West lines. All the familiar arguments and proposals with respect to new members were brought up again, but the permanent members of the Security Council, who, alone, can end this deadlock, showed no inclination to change their positions. The Soviet Union will refrain from vetoing Western candidates only as part of a package deal, and the other permanent members will not agree to any such

approach. The main issue of new members was to some extent obscured in the debate by a side-show controversy between India and Australia over the admission of Laos and Cambodia. A number of Latin American countries again suggested solutions which ignore the veto right of permanent members of the Security Council, while India, Burma and the Scandinavian countries took a position, more or less shared by Canada, stressing the desirability of universality and not explicitly ruling out a package deal of some sort. Eventually, in a superficial show of unanimity, all outstanding applications were referred back without dissent for consideration by the Security Council. There was no serious consideration either of the Secretary-General's suggestion for breaking the log-jam by letting in a few quasi-neutrals or of a suggestion which the United States favoured (but did not mention in the debate) for some form of "non-member participation".

Soviet Bloc Items on War Propaganda, Aggression Against the People's Republic of China, and Freedom of Navigation in the China Seas

46. The first two of these items were clearly cold war propaganda productions and were treated as such throughout the debate. The Czech resolution on war propaganda was transformed into a United States resolution against the iron curtain and was passed by a large majority with only the 5 Soviet votes against and 10 abstentions (Afro-Asian countries and Yugoslavia). In a similar vote, the Soviet resolution on the item on United States aggression against China was rejected and was not replaced by any Western resolution.

47. The final Soviet item on freedom of navigation in the China Seas might have proved embarrassing, particularly to the United Kingdom, but also to all delegations interested both in freedom of navigation and in avoiding open disagreement with the United States. However, the Soviet bloc resolution and speeches were offensively anti-American, every act of the Chinese Nationalists being ascribed to the United States Government. This made it relatively easy for the United Kingdom, Scandinavian, Western European and Commonwealth countries, which would not have supported Nationalist China against well-founded charges, to line up with the United States in another straight East-West division. The final disposition of the item, a last-minute United States resolution referring records of the debate to the International Law Commission, was passed with only the 5 Soviet votes in opposition. By its own tactics the USSR had ensured the large majority which the United States can easily obtain when it is under direct Soviet attack.

48. There was certainly little general enthusiasm for the straight propaganda exchanges on these three items, and participation of countries other than the Soviet bloc on the one side and the United States and China on the other was rather perfunctory. The Canadian Delegation spoke in support of the United States on only one of the items, the charge of aggression, which was the most blatantly far-fetched of the three.

49. Of the eight items before the Ad Hoc Committee, only one, the admission of new members, seemed really to be of general interest to the whole Committee. On every other item, the countries or small groups of countries directly involved carried on a debate amongst themselves, while the great majority of Delegations

watched from the sidelines and either took no part at all or made only short and routine statements of their points of view.

The Economic Committee and the Under-Developed Countries

50. In the Second (Economic) Committee, the United States Delegation found themselves in a peculiarly embarrassing position. For years Western spokesmen had made a great point of the constructive work of the United Nations Programme of Technical Assistance to which the USSR had never contributed "one red ruble". In the very year in which the Soviet Union had made its first contribution, however, Congress had seen fit to delete this portion of the United States foreign aid programme. Although the Administration hoped to remedy this misfortune in January, the United States at the present session was unable to pledge anything for the Expanded Programme of Technical Assistance, although for the first time representatives of the Soviet bloc were joining in the general chorus of praise for the Expanded Programme and pledges of continuing or increased financial support.

International Finance Corporation

51. To meet this criticism, as well as for other reasons, the United States not only decided to play up its initiative in proposing the establishment of an International Atomic Energy Agency but announced on November 11, its decision to support the early establishment of an International Finance Corporation. This latter decision came as a surprise to practically all delegations but was almost universally welcomed as an important advance in international co-operation in the economic field, and as a significant concession to the "have nots" on the part of the United States, which pledged $35 million to the capitalization of the Corporation. The debate on the I.F.C. resolution, which requested the International Bank to draft statutes for the Corporation, was speedily completed in an atmosphere of cordiality and the resolution was adopted almost without opposition.

SUNFED

52. Aside from this advance in a related field, the underdeveloped countries made relatively little progress towards the achievement of their main objective — that of gaining the support of the industrialized countries for the early establishment of a Special United Nations Fund for Economic Development (SUNFED). As was the case at the previous session, the partisans of the Fund pressed hard not only to keep the idea of the Fund alive, but also to obtain the agreement of the industrialized countries to steps which would bring its establishment nearer. The United States and the United Kingdom, who would be the major contributors to the Fund if and when it is set up, were determined not to advance beyond the position they adopted last year, i.e., that the establishment of SUNFED should not be considered until sufficient progress has been made in internationally controlled world-wide disarmament. In view of the widely divergent points of view on this question, the SUNFED resolution, which was finally adopted after weeks of negotiation, represented an unsatisfactory compromise for both sides. In its most important operative clauses, it asked Mr. Raymond Scheyven, a former President of ECOSOC, to continue his consultations with governments about the Fund, and to prepare a new report giving "a full and precise picture of the form or forms" such a Fund might

take. In accepting this provision, the industrialized countries made it clear that they did not interpret it as giving Mr. Scheyven a mandate to draw up draft statutes for the Fund.

53. SUNFED will undoubtedly be the most controversial economic issue at ECOSOC next spring and again in the Second Committee during the Tenth Session. We gathered from the United States Delegation that the Administration evidently regrets having gone as far as it did in supporting even the principle of the Fund. There appears to be a growing disposition in Washington to concentrate on bilateral aid programmes and to refuse to make any further concessions with regard to SUNFED or any other similar global plan.

54. The positive result of the debate on the International Finance Corporation appeared to have a mellowing effect on the Second Committee which dealt with all its remaining items in an atmosphere of cooperation and objectivity. The Soviet bloc, in line with the milder approach adopted by its representatives in all committees, directed its main criticism of Western economic policies to the debate on the report of the Economic and Social Council, in which they renewed with considerable effectiveness their demands for an easing or removal of the restrictions on trade with Communist countries. About the only note of real political discord was injected during the debate on UNKRA when the representatives of the USSR, Poland, and Czechoslovakia charged that programmes of economic assistance sponsored by UNKRA, and bilaterally by the United States, had failed completely, while, on the other hand, the assistance given by the Soviet group to North Korea had been of great benefit to its people.

Human Rights and Wrongs

55. The Third (Social) Committee was successful this year in taking some practical decisions. The most significant of these were:

(a) to authorize the United Nations High Commissioner for refugees to undertake a $12 million five-year programme in consultation with the Advisory Committee;

(b) to establish a Universal Children's Day;

(c) to authorize the Secretary-General to render to member states services outside the scope of technical assistance programmes with a view to promoting freedom of information; and

(d) to set up a United Nations Narcotics Laboratory in Geneva.

Except in the case of the High Commissioner's programme, which was opposed by the Soviet bloc, these decisions did not prove controversial.

56. However, the Committee made little, if any, progress on any of the items on its agenda which had a political content. The draft International Covenants on Human Rights, which at last came before the Assembly, were the subject of a procedural decision. The first reading of the Covenants took the form of a general debate; no decision, even of a provisional nature, was taken on the contents of any of the Articles. In line with the suggestion of the Commission on Human Rights, the Committee decided that special priority should be given at the next session of the Assembly to the second reading of the Covenants. Although no tangible results ensued from the general debate on the Covenants, which occupied some twenty

meetings, this discussion had a sobering effect on the self-appointed champions of human rights in the Third Committee by underlining the fundamental differences still separating different groups of states in spite of the painstaking efforts of the Human Rights Commission to produce drafts which would provide a common denominator. From the Canadian point of view, this discussion gave federal states the opportunity of emphasizing once again in unmistakable terms the impossibility of their signing the Covenants unless there is a suitable federal clause in place of what has been referred to as "the anti-federal clause" proposed by the Commission at the instigation of the Soviet Union. Although no satisfactory federal state clause was proposed, one worthy of the name would probably have secured a majority, if not a two-thirds.

57. Except for Mrs. Lord's short statement at the beginning of the debate, the United States Delegation remained aloof from the discussion and abstained on all but one of the fifteen votes taken on the Human Rights resolution. This attitude was no doubt dictated by the decision of the Administration, reiterated in Mrs. Lord's speech, not to sign the draft Covenants. In view of the great importance which a very large number of states obviously attach to this question, not to mention the emotional attitude of many of them in this matter, this decision of the United States, if it is maintained, may in the end do them more harm than good in the world at large. But Congress is another matter.

Forced Labour

58. The West had the advantage over the Soviet bloc in the main "cold war" item on the Third Committee's agenda, Forced Labour, on which ECOSOC's condemnation was endorsed. It gave rise, however, to a depressing propaganda exercise reminiscent of the Stalin era. The United States this year was silent on conditions in the Soviet Union and instead gave detailed data on Communist China and Albania. In reply, the Soviet delegate used fairly strong language *vis-à-vis* the United States and accused the United Kingdom delegate of having joined in this exercise as a result of United States pressure. From the restraint exercised by Commonwealth and other Western European countries in this matter, it was apparent that these countries will be glad to see the subject returned to ECOSOC and ILO.

Assembly vs. ECOSOC

59. The Western European and Commonwealth countries found themselves isolated when the Afghanistan delegation submitted a resolution which was tantamount to a vote of censure of ECOSOC for its failure to transmit to the Assembly two resolutions of the Commission on Human Rights on the question of self-determination.

60. The Arabs, Asians and Latin Americans also succeeded in having the Assembly revise a decision of ECOSOC to leave aside for the time being the perennial question of an International Convention on Freedom of Information. Here again the Assembly specifically requested ECOSOC to make recommendations for consideration at the eleventh session. During many discussions of the Committee, a number of Asian and Arab countries implied that they regarded ECOSOC as the "instrument of the imperialist powers" (which clearly have less trouble controlling

ECOSOC than they do . . . the Assembly). The Third Committee's reaction was a sign of dangers to come if Western control of ECOSOC is abused.

61. The Session furnished further evidence that the West is almost constantly on the defensive in the Third Committee. The long experience of some of the leading Moslem delegations who have sat in the Committee for almost a decade, facilitates their task. Western weakness became particularly apparent during the Ninth Session in procedural discussions, and the Czechoslovakian chairman did not make life easier for Western delegates.

Trusteeship and Colonialism: Stretching the Charter

62. Once again the non-administering members of the United Nations in the Fourth Committee (led this year by the Delegations of Yugoslavia, Lebanon and Venezuela) have pushed ahead in their efforts to extend the supervisory role of the General Assembly over the Trusteeship Council and the administering members, and to equate the provisions of Chapter XI of the Charter with those of Chapter XII and XIII setting up the Trusteeship Council. In this, of course, they are deliberately following the aim which they have set themselves, of "wiping colonialism from the face of the earth".

63. While the United Nations interest in promoting the well-being of the inhabitants of dependent territories and their development towards self-government or independence is fully recognized, the Charter clearly sets forth the rights and responsibilities of the administering authorities. These rights and responsibilities cannot be changed except by amending the Charter. This point was stressed on several occasions by the delegations of Australia, Belgium, France and the United Kingdom. These delegations pointed out that there was a bland assumption on the part of the non-administering powers that the General Assembly was entitled to alter or amend Charter obligations by simply adopting resolutions. This danger of "back door" Charter amendments influenced the vote of the Canadian Delegation and to a lesser extent that of the Scandinavian countries on at least half of the fourteen resolutions which were tabled in Committee during the Ninth Session.

64. Another persistent characteristic of the Fourth Committee debates inherited from previous sessions was the tendency of the anti-colonial group to develop fixations which tie their minds to particular solutions, closing them to all other possibilities. Thus, the anti-colonial group insisted upon unification as the only solution for the problem of Togoland and Trusteeship as the only possible future for South West Africa.

65. This year the Indian Delegation proved to be a striking exception to this general rule. Perhaps more because of a change of representatives than of basic policy, India voted in favour of asking the International Court for an advisory opinion as to the legality of the procedures proposed for the Assembly's consideration of petitions and reports on South West Africa. Again on the case of Togoland, India actually sponsored the United Kingdom proposal that after the Gold Coast attains its independence, and the United Kingdom would no longer be administering British Togoland as a Trust Territory, that the views of the inhabitants as to their future status should be ascertained. Since the majority view is likely to oppose unification of the Togolands, this was a radical approach for a leading "anti-colonial" power to

take. India's decision to act in this manner sprang from a promise given by the Prime Minister of the Gold Coast to Mr. Nehru earlier this year to champion the cause of independence of British Togoland united with the Gold Coast.

66. The inhabitants of Trust Territories have not been long in realizing the meaning of the resolutions adopted year after year by the General Assembly, curtailing the powers and responsibilities of the administering authorities. Except in matters affecting their every day life, they have come to consider the Fourth Committee of the General Assembly, rather than the Trusteeship Council or its Standing Committee on Petitions, as the proper *venue* for their petitions relating to the future political status of their territory. No less than 17 petitioners, most of them from the Trust Territory of Togoland, appeared to plead their special causes before the Fourth Committee at this session.

Administrative and Financial Matters: The Per Capita Principle

67. For Canada, the issue of greatest direct interest in the Fifth Committee was the Report of the Committee on Contributions which proposed, on a new interpretation of the *per capita* ceiling principle, an increase from 3.3% to 3.63% in Canada's assessment for the United Nations Budget, and also called in question the principle itself. As the *per capita* ceiling is Canada's unique protection against an inequitable assessment, it was necessary to put up a vigorous fight against the Contributions Committee's recommendations. At the price of accepting the slightly higher assessment, the delegation succeeded in getting the *per capita* principle reaffirmed and interpreted so as to freeze our contribution against further increases until we reach *per capita* parity with the United States, or until new members are admitted, or the economic capacity of present members improves. The Contributions Committee's interpretation of the *per capita* principle was demonstrably incorrect and its questioning of the principle unwarranted, but most of the underdeveloped countries, and even some of our Commonwealth and European friends, were initially unsympathetic to the Canadian position. The final result was therefore a considerable victory.

Tribunal Awards

68. Toward the end of the session, the question of the awards of compensation made by the Administrative Tribunal troubled the Fifth Committee again, though much less acutely than at the Eighth Session. In view of the clear opinion of the International Court of Justice, there was no longer any doubt that the Assembly must pay the disputed awards, but the United States was determined that there should be safeguards against excessive or unwarranted awards in the future. It proposed a number of amendments to the statute of the Administrative Tribunal, the most important of which would establish a Board of Judicial Review. The Canadian delegation was not at all happy about many features of the United States proposals and we could see that there would be very strong opposition to them in the Fifth Committee. We recognized, however, that this was a very important issue for the United States and we did not wish to see a headlong collision between them and other Western delegations. After discussion with the United States Delegation, therefore, Canada took the initiative in the Fifth Committee in proposing that the Assembly should decide *in principle* to establish a procedure for judicial review of

the Administrative Tribunal's decisions but postpone consideration of the details. This solution was eventually accepted, but not without much resistance from the Western European countries, India, Egypt, Brazil and others. In acceding to the wishes of the majority, the United States had to make major concessions and deserves credit for doing so.

Secretariat Re-organization

69. Although the Secretary-General's Budget for next year, already reduced through staff cuts and other means, by approximately $1 million from the present Budget, was given a relatively easy passage (the 1955 net Budget figure being fixed at approximately $39,500,000), the Secretary-General ran into trouble over his plans for the re-organization of the top structure of the Secretariat and the allowances, particularly the representation allowances, which he proposed to give to his top men. It may be that Mr. Hammarskjold's honeymoon with the Assembly last year led him to over-estimate the freedom of action he had been granted. The Fifth Committee demonstrated at the present session that it was still master of the purse, and the Secretary-General had unwillingly to accept a considerably modified system of allowances for the upper ranks of the Secretariat.

Legal Problems

70. Once again the work of the Sixth Committee underlined the unreadiness of member states to seek the early codification and application of international law to current international problems. As in previous years, general agreement was secured only on procedural dispositions of the various questions coming before the lawyers and postponement was the order of the day.

Continental Shelf and Fisheries

71. Important areas of substance were, however, discussed. It would be well to take warning for the future that serious trouble is brewing over the Continental Shelf, High Seas Fisheries and the Regime of the High Seas generally. The International Law Commission is to make recommendations on these questions to the 1956 Assembly — in the case of Fisheries, the International Law Commission will be assisted by a report from a Scientific and Technical Conference which is to be convened in the meantime. The basic conflict of interest which is reflected in the legal positions adopted on these questions stems from the fact that some countries wish to fish in other people's waters, some have fishing grounds in their own waters and want to protect them, and others, having few fish in their waters, nevertheless have valuable natural resources in the continental shelf below. Relations between the United Kingdom and Iceland are already seriously strained by Iceland's protectionism. Other disputes in this field have set some of the Latin American countries (particularly Peru, Ecuador and Chile) against the United States. As the development of fisheries and the exploitation of resources in the continental shelf become increasingly important, widely divergent legal theories will be developed to justify national economic interests, and the sooner a comprehensive rethinking and re-negotiation of basic concepts and present law is undertaken by all concerned, the better chance there will be of avoiding serious international disputes on these questions in the future.

72. The other issues postponed by the Sixth Committee are less likely to cause difficulty in the future. The majority of the Latin American and Arab delegations, supported by the Soviet bloc, are however likely to resist indefinite postponement of these issues and we may therefore expect repetitious debates at future sessions on such subjects as a draft Code of Offences, the Definition of Aggression, and the establishment of an International Criminal Court. Only the United States is opposed to all three schemes, though most Western countries (except France and the majority of the Latin Americans) are skeptical of the possibility of defining aggression in a satisfactorily comprehensive manner. The United States and the Soviet bloc are the delegations chiefly opposed to the International Criminal Court and most members seem anxious that a Code of Offences should not go beyond the Nuremburg principles already affirmed unanimously by the General Assembly. It does not seem likely that the Assembly will be called upon to adopt any of these projects in the near future.

Groups and Personalities

73. Few delegates enhanced their reputation at this Assembly and some definitely suffered a loss of prestige. Mr. Krishna Menon, for example, although helpful and constructive in his handling of the Korean item, was too obviously piqued by finding himself unable to hold the centre of the stage as the great mediator when East and West agreed, without his assistance, on the disarmament and atomic energy items. Mr. Menon nevertheless spoke indefatigably on almost every subject, even where his ability to contribute was clearly limited by the circumstances of East-West agreement or, on colonial questions, by unusual willingness of the Latin-American Delegations to postpone colonial questions rather than urge negotiations as they have in the past.

74. Sir Percy Spender also achieved little in return for his active efforts on disarmament and on new members. He did, however, handle the Australian case on West New Guinea vigorously and successfully. By and large, Sir Percy was too obviously in the U.S. orbit to exercise much influence at this Assembly. His colleague from "down under", Mr. Munro of New Zealand, maintained a better balance and was one of the few who did enhance their reputations.

75. Among the Arabs, both Dr. Jamali and Dr. Azmi of Egypt (who died at a Security Council meeting during the Assembly) reflected the marked improvement in the relations between the Arabs and the Western Powers in recent months. Although both remained solid supporters of special Arab causes, they and most of their colleagues were more outright in their support of Western positions on East-West issues. In fact, only Mr. Shukairy of Syria maintained the fiction of "the Western menace" to the Arab world through the building up of Israel.

76. In their more pliant mood, the Latin American Delegations did not produce any outstanding spokesmen at this session. The Chairman of the caucus, Mr. Trujillo of Ecuador was sensible and usually helpful but leadership in the group more often came from the Brazilian and Colombian Delegations who maintained the closest relations with the United States and United Kingdom Delegations. Their most influential figure was the Columbian delegate, Mr. Urrutia, who presided over the First Committee with rare skill and judgment. Though the Latins were prepared

at this session to accept the leadership of the main Western Delegations on most colonial and economic questions, it should not be assumed that they have abandoned their objectives or their principles and will necessarily be prepared to repeat their votes in favour of postponement of such issues at future sessions.

Leadership

77. Although the President of the Assembly, Mr. van Kleffens of the Netherlands, made an impeccable presiding officer, correct and impartial, he showed a lack of warmth and imagination in his public relations and seldom if ever gave a private lead, as have some of his predecessors.

78. Led by the late Mr. Vyshinsky, who showed the Assembly his most urbane face before his sudden death, the USSR once again sent half a dozen of their top diplomats to the Assembly — probably a higher concentration of national talent than any other delegation. Although their tactics were much more flexible and intelligent than in the past, their attempts to open up divisions in Western ranks, whether over disarmament or on Asian matters, were unsuccessful. On disarmament, they tried to do so by sweet reasonableness but were met in kind, while in Asian matters, where they might have done better, they reverted to cold-war propaganda. One of our unexpected conclusions from the disarmament and atomic energy negotiations was that Mr. Vyshinsky was apparently given more latitude to decide tactical questions on the spot than we had supposed.

79. The well-concerted United States-United Kingdom leadership, was undoubtedly strengthened by the authority of President Eisenhower's cautious approach to troublesome international questions. At the Assembly itself, the United States gained rather than lost by the substitution of Mr. Wadsworth for Mr. Cabot Lodge on most political questions. Mr. Lodge handled only the items dealing with the atomic energy agency and with the United States airmen in China. In other respects, he gave the impression of a man who did not expect to stay long in his present position. Coming into his own for the first time, Mr. Wadsworth proved an able and agreeable spokesman and exerted (at times unsuccessfully) a constructive and moderate influence on the State Department. Indeed, but for his private interventions, the United States position on disarmament and on Korea might have been difficult for its allies to support whole-heatedly.

80. The chief architects of Anglo-American co-operation at this session were the leaders of the United Kingdom Delegation, Mr. Selwyn Lloyd and later, Mr. Anthony Nutting. Both set out deliberately to achieve U.S. support for U.K. objectives. Mr. Lloyd distinguished himself once again by his capacity to simplify and clarify the essential features of the technical disarmament debate, while Mr. Nutting endeared himself to a wide television audience in the United States by his strong support for the American airmen, though his comments (outside the Assembly) on the defence of Formosa landed him in hot water at home.

81. Once again, the French Delegation played a relatively passive role, while the influence of the fifth permanent member of the Security Council, Nationalist China, had become almost non-existent. It is an interesting commentary on the present role of Nationalist China in the United Nations that during the entire debate on the atomic energy agency, we learned from their delegation that they had sent no

cables home. Yet they continue to sit on all United Nations bodies as a permanent members.

Chinese Representation

82. This raises a question which, thanks again to Anglo-American cooperation, proved much less troublesome at this session than had been feared. Without difficulty, it was decided at the beginning of the session not to consider the issue for the remainder of the year. As a result, the Soviet delegation did not even raise the question of Chinese Communist participation in the debate on the American airmen in China in which the Chinese were condemned in absentia.

83. It is, however, an open secret that at the next session the United Kingdom Government reserve the right to raise the question. How they will do so has not been decided, but the possibility of giving Formosa membership at the same time as admitting the Communist Chinese has been considered, dependent upon the good behaviour of the latter in the meantime. When it comes to the point, however, the United Kingdom, faced with a renewal of the Cyprus debate, will be very strongly tempted to dodge the Chinese representation question once again, if opinion in the United States remains as strongly opposed to the admission of the Communists as it is now. Without United Kingdom support, Communist China could not conceivably gain the Chinese seat, as it is doubtful whether the United Kingdom's contention that the issue of representation (as distinct from membership) can be decided by majority vote would be supported by the Assembly. Potentially, however, this is the biggest question for the next session of the Assembly.

SECTION B

CONTRIBUTIONS INTERNATIONALES DE SECOURS
INTERNATIONAL RELIEF CONTRIBUTIONS

211. DEA/10170-C-40

Note de la Direction européenne pour la Direction des Nations Unies

Memorandum from European Division to United Nations Division

CONFIDENTIAL [Ottawa], September 7, 1954

ASSISTANCE TO PALESTINE REFUGEES

Mr. Chaput has asked for the views of the European Division on the policy which Canada should adopt on the question of assistance to Palestine Arab refugees, which is to come up for consideration during the ninth session of the UN General Assembly.

2. Last March, when Canada's contribution to UNRWA was announced, the Canadian Permanent Representative was instructed to tell the Chairman of the Negotiating Committee that future contributions from the Canadian Government would be

dependent upon the progress made toward a final solution of the Palestine refugee problem.[47]

3. In Jordan, where the main body of refugees is congregated, a certain number have been absorbed during the past year in agriculture and in business enterprises. Some of these had obtained loans from the Jordanian Government under an aid programme suggested by British officials. Others were able to get off to a fresh start because they had just recovered savings frozen for the past five years in Israeli banks. Still others have managed to find work in oilfields of neighbouring countries. Every such instance of self-help has been welcomed as a sign that six years of abnormal living conditions have not entirely destroyed the self-respect of refugees. These individual cases of rehabilitation, however, have not appreciably affected the main refugee problem, encouraging though they may be in themselves.

4. After allowing UNRWA to operate for over a year without a Director, the Secretary-General of the United Nations finally found in Mr. Henry Labouisse a man whom he considered capable of taking charge of the Agency effectively. In the period since March 1, 1953, when Mr. Blandford left, the administration has been carried on on a provisional basis. Various administrative experiments have been introduced, and some of them discarded. It would have been surprising if some ground had not been lost, since in a situation where so many conflicts of interest are involved, continuous and effective United Nations leadership is an essential. Now that a Director has been appointed, the United Nations component in the joint enterprise should be ready once more to play the part allotted to it in the fields of planning, diplomacy and administration.

5. Of two main projects for large-scale refugee resettlement (in the Sinai Peninsula and on lands in Syria and Jordan to be supplied with water and power from the Yarmuk-Jordan Basin) we understand that the former has continued according to plan. There seems to have been no interruption of the preparatory work required for the resettlement of 50,000 refugee families in the Sinai Peninsula on lands to be irrigated by water drawn from the Nile Valley. The very much larger Yarmuk development scheme, to which both Syria and Jordan agreed some time ago, has been held up this year, however, as a result of a train of events set off last September when Israel began canal-digging operations to divert the water of the Jordan River without the agreement of its neighbours. The Security Council dealt with aspects of Israel's action which related to non-observance of the armistice agreement. Meanwhile the United States Government decided the time had come to try to secure a rational plan for the exploitation of all the meagre water resources of the area in the interests of the four countries concerned — namely, Jordan, Israel, Syria and Lebanon. It sent Mr. Eric Johnston to sound out the various governments on the possibility of an agreed programme of development of the Yarmuk-Jordan Basin. Although Mr. Johnston arrived when feelings were highly inflamed over the

[47] Le 4 mars 1954, le Cabinet a autorisé pour l'année financière 1953-1954 une contribution de 500 000 $ à l'Office de secours et de travaux des Nations Unies pour les réfugiés de Palestine dans le Proche-Orient.

On March 4, 1954, Cabinet authorized a contribution of $500,000 to the United Nations Relief and Works Agency for Palestine refugees for the 1953-54 financial year.

Qibiya affair, and although neither Israel nor the Arab states would at first accept the principles he suggested, he persuaded them not to reject his proposals without further thought. He pursued the subject with them later and was able in June of the present year to report that all four governments had agreed to the principle of unified development of the Jordan-Yarmuk Basin and an equitable and mutually acceptable division of its waters, to be controlled by an impartial international authority. This agreement in principle represents the first break in the mutually uncompromising attitudes of Israel and its neighbours. Although it has meant that work on the Yarmuk development scheme sponsored by UNRWA has had to be held up pending the outcome of negotiations between Mr. Johnston and the four governments, the fact that an agreement in principle has been reached for the first time on a substantial issue dividing Israel from its neighbours is considered to be of greater importance in the long run, and represents greater progress toward a final settlement of issues outstanding between the parties to the Palestine conflict than was considered possible last autumn.

6. For UNRWA the agreement on certain principles obtained by Mr. Johnston seems to mean three things:

(a) There will be an additional delay before the refugees can be settled, since the Yarmuk plan cannot be put into effect until details of the unified development plan have been worked out.

(b) The unified development plan may be financed by bank loans and private investment rather than by international contributions through the United Nations, although this is not yet certain.

(c) In the meantime the refugees will continue to need relief on a scale which the Arab states will not be able to meet, although they may be expected to continue to provide aid on the present scale.

7. In considering whether Canada should or should not contribute this year to the relief, as distinguished from the rehabilitation, of Palestine refugees, the following points should perhaps be kept in mind.

8. There is an alternative to relief which UNRWA has never suggested because it would be beyond its competence to do so. This would be more just, perhaps, than the existing arrangement and therefore preferable to the operation in which we are at present engaged. The alternative would be to cut off all international relief for Arab refugees after providing Israel with a long-term loan with which to pay them the compensation which is their due. The two chief obstacles to suggesting this course of action at the ninth session of the General Assembly, however, are that there is no agreement yet on the amount of compensation owed by Israel, although Israel has repeatedly said that it will meet its obligations in this respect, and the total is likely to be very much greater than anything the United Nations would be called on to contribute in the way of relief over a considerable number of years. The initiative in suggesting a proper scale of compensation for Arab refugees lies with the Palestine Conciliation Commission, and Israel has shown a marked disinclination to have that body take up the matter actively. In the circumstances this proposal is not likely to be made at the ninth session of the Assembly, although if

the way were properly prepared for it we do not see why it should not be suggested at the tenth session.

9. For the following reasons we would recommend that Canadian contributions to the relief programme should continue:

(a) Relief, even on the very limited scale of 3¢ a day, has hitherto prevented the refugees from getting out of hand. This is not a large price to pay for absence of general conflict.

(b) There is no reason to suppose that the refugees will be tempted to make serious trouble in the future if the present scale of relief continues.

Should they feel themselves abandoned, however, by governments which took an active interest in the partition of Palestine and have been trying since 1948 to maintain a just balance between the parties to the Palestine conflict, the revulsion of feeling might be expected to assume grave proportions.

(c) Canada has given renewed proof of its desire to help ease the tensions in the area by making available the services of General Burns as Chief of Staff of the UN Truce Supervision Organization and sending four officers to serve as military observers. It is also preparing to open diplomatic missions in Tel Aviv, Cairo and Beirut with a view to establishing closer bonds of friendship with the peoples of that area. It would be inconsistent with this policy to leave the entire burden of refugee relief to others, particularly since withdrawal from the operation would be likely to place fresh obstacles in the way of General Burns' success at a time when he is already burdened with serious difficulties. It would also get Canada's three new diplomatic missions in the area off to an unfortunate start. (It must be remembered that international relief for Palestine Arab refugees is beneficial to Israel as well as to the refugees themselves since it relieves Israel of pressure to pay refugees the compensation which is due them and prevents infiltration of Arab refugees into Israel on a very much greater scale than already exists.)

10. It seems to the European Division that we should be in a position to maintain that there is good reason for Canada to continue to participate in the UN programme for relief of Palestine Arab refugees in view of:

(a) the progress made during recent months toward securing Arab-Israel cooperation in the development of water resources of the area which should reduce existing tensions and provide a more secure basis for resettlement of displaced persons;

(b) the recent appointment of Mr. Labouisse as Director of UNRWA;

(c) the uninterrupted work on the Sinai project.

R.A.D. FORD

212. DEA/5475-DU-1-40

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

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

CONFIDENTIAL [Ottawa], September 14, 1954

CONTRIBUTIONS TO VARIOUS UNITED NATIONS PROGRAMMES

A number of interested officials have become increasingly aware of the advantages that would result from considering simultaneously and as one subject the contributions to a number of United Nations programmes that are to be recommended for Cabinet approval. Officials of this Department and of the Department of Finance met together on September 10 to discuss in this way what might be appropriate contributions to UNICEF, UNKRA,[48] UNRWA and the Expanded Programme of Technical Assistance (ETAP). Mention was also made of the possibility of a contribution to the fund which the High Commissioner for Refugees is attempting to have established; this programme was thought, however, to merit a separate decision when further information about its full implication has been received.

2. Those in attendance were:

Mr. Rae (Chairman), United Nations Division
Mr. Chaput, United Nations Division
Mr. McGill, United Nations Division
Mr. Jay, United Nations Division
Mr. Ritchie, Economic Division
Mr. Hadwen, Economic Division
Mr. Hemsley, Finance Division
Miss MacCallum, European Division
Mr. Plumptre, Finance Department
Mr. Clarke, Finance Department

3. The meeting recognized the desirability of bearing in mind the possible size of the next contribution to the Colombo Plan in dealing with the question of contributions to the above programmes.[49] Nevertheless, it was thought that the two matters were essentially separate.

4. Mr. Plumptre said that he was particularly pleased to participate in discussions aimed at bringing into one focus the several contributions to the programmes in question, since he was anxious to approach Mr. Harris with a comprehensive picture of all contributions to the United Nations. He felt that this procedure might offer a better chance of securing his Minister's favourable consideration of the contributions than would a procedure entailing piecemeal consideration.

5. Mr. Plumptre informed the meeting that his own thinking started with the knowledge that a Treasury Board directive would soon be issued to all Departments

[48] Voir les documents 106-118. See Documents 106-118.
[49] Voir/See Document 390.

urging the maintenance of estimates at not more than last year's overall level. Accordingly he felt that the total to be contributed to the four programmes (UNICEF, UNKRA, UNRWA and ETAP) should not be substantially different from last year. He agreed with the view of the External officials that there seemed to be special justification in carrying over into the civil field the large measure of support hitherto given in the military field in Korea. For that reason he intimated that he would be disposed to favour an increase in the Canadian contribution to UNKRA as the External officials had proposed. The increase in mind would be based on the present relationship among the contributions of Canada, the United Kingdom and Australia, would be conditional upon increases in the pledges of the other two countries, and would be designed with their increases to fill a $3 million gap that would otherwise remain in what appears to be the most acceptable plan for a reduced total programme in 1954-55 of $44.9 million which the United States has formulated.

6. Mr. Plumptre also felt that there might be some justification for an increase in the contribution to UNICEF, since that programme seemed to have a particularly wide appeal in Canada and had the reputation of being efficiently administered. The meeting agreed that, contrary to the suggestion made by officials last year, there is much to be said for making an un-tied contribution to a programme like UNICEF to which there is every prospect that Canada will continue to contribute over a number of years. Accordingly it was decided to consult further with Mrs. Adelaide Sinclair from the Department of National Health and Welfare with a view to arriving at what might be an appropriate total for an increased contribution that could be recommended to Ministers. (See Annex re 1954 recommendation.)†

7. Mr. Plumptre went on to say that in view of the increases contemplated for UNKRA and UNICEF, he felt that the contributions to ETAP and UNRWA required most careful thought. With respect to the latter he pointed out that in its earlier decision, Cabinet had stipulated that continued participation in UNRWA would be contingent upon the progress made towards the final solution of the Palestine refugee problem. Since he was unaware of any significant measure of success achieved in this regard, he assumed that it might not be inappropriate to consider a reduction, if not a discontinuance, of the Canadian contribution.[50]

8. In respect of the contribution to ETAP, Mr. Plumptre noted that Canada is already out in front in the sense that hers is the third largest contribution, was increased by almost 90 per cent last year and represents a greater percentage of the U.S.A. contribution than is usually the case. In addition he expressed the views that ETAP was not as popular in Canada as for example UNICEF and that there is reason to believe that the programme is badly administered.[51]

9. As against Mr. Plumptre's views with respect to UNRWA and ETAP, the officials concerned in this Department have had in mind a contribution to UNRWA of the same magnitude as last year and an increased contribution to ETAP. A number of pertinent arguments in support of an increase in the technical assistance contri-

[50] Voir/See Document 700.
[51] Note marginale :/Marginal note: what reason? [L.B. Pearson]

bution were adduced by the External officials. (e.g. the increasing needs of the programme as it progresses, the increasingly important role which it is playing in reinforcing our Colombo Plan operations, the indications that several countries might be prepared to increase their contributions particularly if encouraged by our example.) It was noted that if we made available only the same amount as last year, our effective contribution to technical assistance activities would actually be reduced this year since some ten per cent of any new contribution will be absorbed in the Working Capital Fund and will not be available for financing current operations. So far as UNRWA was concerned, the difficulty of assessing progress in a matter of this kind was noted and special emphasis was of course laid on the facts that we are opening new missions in the Middle East and that a Canadian, General Burns, has recently been appointed Chief of Staff of the United Nations Truce Supervisory Organization. It is generally thought within this Department that, in the light of all political, administrative and financial circumstances the proposed increase in our contribution to ETAP and the maintenance of our UNRWA contribution are justifiable.

10. The officials of the Department of Finance however seemed not to be entirely persuaded to the External view on the appropriate size of the contributions to UNRWA and ETAP. In any event, it seemed clear that if they were to come more to the External position they would be less inclined to favour an increase in the contribution to UNICEF.

11. It was agreed that there would be merit in preparing for your signature a comprehensive submission to Cabinet covering the contributions to the four programmes and that, although the Finance officials might feel compelled to make their own possibly conflicting recommendation to Mr. Harris, it would be useful if substantial accord on the factual presentation on each contribution could be reached.

12. Under the circumstances it would be helpful to know

(a) whether you would favour a comprehensive submission to Cabinet dealing with all of the contributions in question as one problem, but covering separate annexes detailing the argumentation appropriate to each of the programmes individually;

(b) and whether, in spite of the likelihood that Finance officials will probably recommend appreciable lower amounts for UNRWA and ETAP, you would wish such a submission to seek authority for the following contributions which your officials feel would be appropriate and justifiable:[52]

(1) UNKRA: $750,000, which is the balance remaining out of the total contribution of $8 million already approved by Cabinet and would provide for a proportionate Canadian share of the gap of $3 million in the United States plan, subject to proportionate increases in the pledges of the United Kingdom and Australia.

(2) UNICEF: $600,000 (subject to further consultation with Mrs. Sinclair), which would provide for an increase of about $100,000 over last year's contribution.

(3) UNRWA: $500,000, which is equal to last year's contribution.

[52] Note marginale :/Marginal note:
yes [L.B. Pearson]

(4) ETAP: $2 million or $2.5 million (i.e. an increase of $500,000 or $1 million); alternatively a figure of $1,650,000 might be suggested if we would be content to have our effective contribution (after allowing for the $150,000 required for the Working Capital Fund) kept at last year's level.[53]

J[ULES] L[ÉGER]

213. DEA/5475-DU-1-40

Le sous-secrétaire d'État aux Affaires extérieures au secrétaire d'État aux Affaires extérieures

Under-Secretary of State for External Affairs to Secretary of State for External Affairs

CONFIDENTIAL Ottawa, September 21, 1954

Dear Mr. Pearson:

CONTRIBUTIONS TO VARIOUS UNITED NATIONS PROGRAMMES[54]

Attached are two copies of the comprehensive draft submission to Cabinet† recommending the following contributions to four programmes, provision for which is not included in the regular budget of the United Nations:

1. UNKRA—$750,000, subject to proportionate increases in the contributions of the Governments of the United Kingdom and Australia.
2. UNICEF—$600,000.
3. UNRWA—$500,000.
4. Expanded Programme of Technical Assistance—$2.5 million.

This draft has been prepared in accordance with your wishes as marginally noted on the memorandum on this subject prepared for you on September 14. You will recall that the memorandum explained that officials in the Department of Finance would probably recommend that the contributions to UNRWA and ETAP be appreciably lower than those recommended in this draft submission. We have since learned informally from the Department of Finance that the proposed contributions to these two programmes, particularly the contribution of $2.5 million suggested for ETAP, will undoubtedly meet with firm opposition from the Minister of Finance when the subject is discussed in Cabinet. In view of the possibility that the full request for the ETAP programme might not receive Cabinet approval, you might wish to consider whether it would be desirable for you to be prepared to agree to a compromise figure providing for maintenance of the contribution at last year's level — namely $1.5 million — plus an additional 10% to help meet the effect of withholding from current operations a sum of $3 million for the Working Capital Fund. This would constitute a total contribution of $1,650,000.

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[53] Note marginale :/Marginal note:
yes [L.B. Pearson]

[54] Note marginale :/Marginale note:
Seen L.B. Pearson

It had been our intention to have this item included on the agenda of the Cabinet meeting on Wednesday, September 22, in order to obtain an early indication of the size of the Canadian contributions in question for the guidance of the Delegation. Since, however, neither the Prime Minister, Mr. Martin, nor you will be able to attend that meeting, it seemed preferable not to place the matter before Cabinet this week. Although the Prime Minister will be able to attend next week, Mr. Harris will not be available. His officials have informed us that he would wish to be present when this subject is considered. In these circumstances we plan, subject to your approval, to place the draft submission before Cabinet during the first week of October.

I should be grateful for your views on our suggested timing and on the contents of the draft submission.

A copy of the draft submission, together with an explanatory note, is being sent to the Prime Minister for his information.

Yours sincerely,
JULES LÉGER

214. DEA/5475-DU-1-40

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

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

CONFIDENTIAL [Ottawa], October 7, 1954

CONTRIBUTIONS TO UNITED NATIONS RELIEF AND ASSISTANCE PROGRAMMES

You will recall that in my memorandum of September 14 (copy attached) I informed you that it was likely that officials of the Department of Finance would recommend to Mr. Harris that the contributions to UNRWA and the Expanded Technical Assistance Programme (ETAP) should be appreciably lower than the contributions envisaged by this Department. You indicated marginally that a comprehensive submission should be prepared for Cabinet recommending contributions at the levels contemplated in this Department, namely:

(i) UNKRA	$750,000
(ii) UNICEF	$600,000
(iii) UNRWA	$500,000
(iv) ETAP	$2.5 million.

2. Subsequently it was confirmed that Mr. Harris would argue against the amounts proposed for UNRWA and ETAP. Accordingly I wrote to you in New York on September 21 and enclosed a copy of the draft comprehensive submission that had been prepared in accordance with your wishes. I explained that, since neither the Prime Minister, Mr. Martin nor you would be able to attend the Cabinet Meeting on September 22, while Mr. Harris would not be available for the following meet-

ing, I planned to have the submission placed before Cabinet during the first week of October. I also said that I would welcome your views on the suggested timing and on the content of the draft submission. A copy of my letter is attached for your ready reference.

3. At the same time a memorandum was sent to the Prime Minister (copy attached)† to inform him that the submission would likely be made in the first week of October. He was asked whether, in the event that you could not be present, he would wish to make the submission himself or would suggest that it be further delayed until your return.

4. When it became apparent that you would not be available for the Cabinet Meeting on October 6, it was ascertained by telephone that the Prime Minister would make the submission on your behalf. The draft was, therefore, completed in final form (copy attached),† and sent to the Privy Council Office for inclusion on the agenda for that meeting. A copy of the submission in final form was also sent to Mr. St. Laurent under cover of a memorandum mentioning that he had indicated that he would act in your absence.

5. I understand that at the meeting on October 6 Mr. Harris said that he wished to oppose parts of the submission and that he was reluctant to do so in your absence. Accordingly there was no discussion on the submission and consideration of this subject has been held over until you can be present.

6. Decisions on the size of the contributions to be made to the programmes in question are now a matter of some urgency, not only since this information would be useful to our Delegation at the General Assembly, but also so that the departmental estimates may be completed. In these circumstances I hope it will be possible for you to attend the next Cabinet Meeting on October 13.[55] Should this not be possible you might wish to arrange for this submission to be made on your behalf by the Minister who will be acting for you at that time.

J[ULES] L[ÉGER]

215. PCO/Vol. 2656

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], October 28, 1954

. . .

[55] Note marginale :/Marginal note:
Yes L.B. P[earson]
À sa réunion du 13 octobre 1954, le Cabinet a décidé que Harris et Pearson devaient poursuivre la discussion de la proposition.
At the meeting of October 13, 1954, Cabinet decided that Harris and Pearson should discuss the submission further.

UNITED NATIONS RELIEF AND ASSISTANCE PROGRAMMES; CANADIAN PARTICIPATION

59. *The Secretary of State for External Affairs* submitted recommendations for Canadian participation in four United Nations relief and assistance programmes. The agencies concerned were the Korean Reconstruction Agency (U.N.K.R.A.), the Children's Fund (U.N.I.C.E.F.), the Relief and Works Agency for Palestine Refugees (U.N.R.W.A.) and the Expanded Programme of Technical Assistance to Underdeveloped Countries (E.T.A.P.).

In 1950, the government had agreed to make a total contribution not to exceed $8 million for U.N.K.R.A. Subsequently, when it became apparent that the agency's total budget would not be met, Canada made available $7.25 million rather than the full amount of $8 million. At the 8th Session of the General Assembly of the United Nations, an overall target for U.N.K.R.A's programmes of $266 million had been approved but there were indications that the total amount of contributions received would not be as great as hoped for and, in fact, the results therefore had been disappointing. Efforts had been made to secure payments from contributing countries for the full amount of this programme, but several countries thought the plan unrealistic and the United States had proposed a less ambitious alternative amounting to a total of $44.9 million. It would be unwise not to continue in the civil fields a substantial measure of aid to complete the effort which has been made in the military fields in Korea. Accordingly, the U.S. proposal was welcome as a means of avoiding the possibility that U.N.K.R.A. might be obliged to terminate its activities without having completed its original programme. It was the present intention to proceed on the assumption that no further contributions would be made after the fiscal year 1955-56. The $44.9 million total suggested included contributions from the United Kingdom, Australia and Canada of $9.9 million with most of the balance being made up by the U.S. Approximately $7 million would comprise the unpaid portion of previous United Kingdom and Australian pledges, leaving a gap of about $3 million to be filled by increased contributions from those countries and a further contribution from Canada. The balance of the original $8 million authorized, or $750,000, would appear to be a reasonable share of the gap of $3 million, and the Minister recommended that such a contribution be made at this time.

U.N.I.C.E.F. commanded a large measure of support in Canada and under efficient administration, had made a positive contribution towards meeting the problem it was set up to overcome. The Funds target was $20 million but, despite steady increases in contributions of various participating governments, it had not been possible to reach that amount and a number of useful projects had been denied assistance. The U.S. contributions were based on a matching formula of 60-40 and it would appear that unless contributions from the other member countries were increased, the fund would not be able to avail itself of the $8 million the U.S. Congress seemed prepared to provide. In the circumstance, he recommended that Canada increase its contribution this year to $600,000 from the $500,000 granted in past years.

For the current year, the government had agreed to a contribution of $500,000 for U.N.R.W.A. In doing so, the view was expressed that continued Canadian participation in assisting in the financing of this Agency would depend upon the progress made towards the final solution of the refugee problem. The ultimate responsibility rested, however, with Israel and the Arab States, the Conciliation Commission of Palestine and U.N.R.W.A. Though Israel had acknowledged its obligations to compensate refugees for properties the Israelis had taken over, the government had, as yet, not begun any payments. Little progress had been made in the re-settlement of refugees in the Sinai Peninsula, but agreement had been reached in principle by the Arab nations concerned and Israel to the development of the Jordan-Yarmuk Basin so that a large quantity of land could be irrigated and made fit for habitation by a considerable number of refugees. There were hopes that the new Director of U.N.R.W.A. would operate it more effectively. The Truce Supervision Organization was now led by a Canadian and, although this body had no responsibility for trying to achieve a settlement of the refugee problem, its work was important in preventing a possible breakdown of security. On the whole, there appeared to be some indications of progress in solving this difficult problem. For this reason and the fact that Canadian diplomatic missions would be opened in the Middle East in the near future, he recommended that a further contribution of $500,000 be made to the programme.

Canada had made several contributions to the programme of technical assistance to underdeveloped countries (E.T.A.P.) and last year had almost doubled the amount made available for the previous period. Of all the United Nations programmes it was thought that this one had the widest public appeal and offered one of the best opportunities for assisting effectively the economically less well-developed countries to overcome their problems and to raise the low standard of living of their peoples. The increase in Canada's contributions was of direct benefit last year in helping to avoid a serious curtailment in the programme's activities. In the past year, a number of administrative and financial improvements had been made and at the same time requests for assistance had grown. There was broad agreement that a real and pressing need existed for an upward revision of contributions if the pace of the existing programme was to be maintained. A further increase in Canada's contribution would help to meet the increasing volume of requests for assistance, satisfy a number of representations made in Canada for increased support of this sort of thing, reinforce Colombo Plan operations and set an example to other countries to increase their contributions. He recommended that the Canadian contribution be set at $2.5 million for the next year.

An explanatory memorandum had been circulated.

(Minister's memorandum, Oct. 4, 1954—Cab. Doc. 218-54).†

60. *Mr. Pearson* added that there were two general points he thought should be kept in mind in considering these recommendations. The first was that mutual aid for military purposes would probably decrease in the forthcoming fiscal year and there might, therefore, be more funds available for more peaceful uses. Secondly, those responsible for the spending of Canadian funds contributed to U.N. program-

mes had seen to it that a good proportion of those funds and of the money made available by other nations had been spent in Canada.

Following discussions with the Minister of Finance, he now proposed that the contribution to U.N.I.C.E.F. remain the same as for the previous year, that is at $500,000, and that the suggested contribution for E.T.A.P. be set at $2 million rather than $2.5 million.

61. *In the course of discussion*, the following points emerged:

(a) The Korean situation remained dangerous, particularly because of the intransigent attitude of President Rhee on the question of reunification. This fact, together with Mr. Rhee's views as to how the money allotted for rehabilitation purposes should be spent, might lead to a complete breakdown of the programme, with the result that no contributions would be necessary.

(b) The Middle East was now the most explosive area in the world and, if assistance for the refugees was not continued, serious incidents on a large scale might occur. While little progress had been made in dealing with the problem, the political atmosphere had, nevertheless, improved slightly. The money was needed to keep people alive. Israel had recently agreed, in principle, to the release for relief purposes of $6 million belonging to some of the refugees. On the other hand, the governments in the area, and particularly Israel, had not taken all the steps they should to alleviate the conditions of the refugees. Their number was growing by natural increase, and if the present situation were allowed to continue, contributions might be required for ever. In the circumstances, it might be desirable to cut the proposed grant to a token amount as a gesture of protest, because so little had been done.

(c) There had been some feeling that the U.N. technical assistance programmes had been badly administered. This was not the case now. The Agency was doing good work and, as far as it was possible to ascertain the money provided was being well spent. Of all the international programmes this one had the most promise in helping to meet the problems of the underdeveloped countries. On the other hand, the increase recommended, even though it had been revised downward, was a substantial one, having in mind the increase in contribution made last year and the efforts of other nations associated with E.T.A.P. There had been suggestions that Canada's contribution to the Colombo Plan might also be increased. These suggestions and the proposal for E.T.A.P. under consideration might be studied in relation to each other before any decisions with respect to either of them were reached.

(d) The government was now faced with a probable budget deficit of $100 million this year. If business conditions remained as they were now throughout the next year, the deficit for 1955-56 might be of the order of $200 million. In the circumstances, it would be desirable to make as few commitments for increases in expenditures as was possible.

62. *The Cabinet* noted the report of the Secretary of State for External Affairs regarding contributions to United Nations relief and assistance programmes and agreed:

(a) that, subject to assurances from the governments of the United Kingdom and Australia that they would be prepared to contribute proportionate amounts to meet

the gap of the additional $3 million required to implement the United States proposal for the 1954-55 programme, the Canadian Representative to the United Nations be authorized to announce the intention of the Canadian government to seek parliamentary approval for a further contribution to the United Nations Korean Reconstruction Agency of $750,000;

(b) that authorization be given to announce the government's intention to seek Parliamentary approval for a contribution to the United Nations Children's Fund for the year 1955-56 of $500,000; and that the fund be encouraged to continue its favourable record of purchases in Canada;

(c) that authorization be given to announce the government's intention to seek parliamentary approval for a contribution of $500,000 to the United Nations Relief and Works Agency for Palestine for its financial year 1954-55, on the understanding that payment of the Canadian contribution be made subject to informal assurances by the Agency that this contribution would be used, as far as practicable, for the procurement in Canada of the commodities required; and,

(d) a decision be deferred on the size of the contribution to be made to the United Nations Expanded Programme of Technical Assistance to Underdeveloped Countries pending further consideration of the matter by the Secretary of State for External Affairs and the Minister of Finance.

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216. DEA/5475-DU-1-40

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

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

CONFIDENTIAL [Ottawa], November 4, 1954

CANADIAN CONTRIBUTION TO THE UNITED NATIONS TECHNICAL ASSISTANCE PROGRAMME

We have had further discussions with officials in the Department of Finance with a view to clarifying the rather general conclusion reached by Cabinet on this subject. In the light of these exchanges we would suggest that you might discuss with Mr. Harris before your departure this afternoon the possibility of sending instructions to the Delegation on the following lines:

(a) The Delegation should indicate the willingness of the Canadian Government to maintain its contribution at last year's level, i.e. $1,500,000 U.S. In this connection, the Delegation might observe that it is naturally expected that the contributions of other countries will be on a scale which will permit of an effective programme.

(b) The Delegation should indicate further that the Canadian Government would be prepared to consider increasing its contribution by a maximum of $500,000 U.S. at a rate of $100,000 for every million by which the total exceeds $25 million. The Delegation might observe that the reason for offering this additional amount when

our contribution is already relatively high is that the Canadian Government desires to underline the importance of securing as large contributions as possible from those countries which may be able to do more than they are doing for this U.N. programme.

We understand that Mr. Harris is willing to accept (a) above but may not be ready to commit himself to (b) at least until the budgetary prospect is clearer. You may, nevertheless, wish to persuade him that if we are likely to increase our contribution in the end, it would be best to say so now in order to encourage other countries to contribute more than they now plan to.

It is hard to see how an offer of this kind could have any very serious budgetary consequences. Even if, as seems unlikely, the whole of the $500,000 were to be required, the direct effect on a budget of $4 or $5 billion could scarcely be significant. Any indirect effects on the budget would also probably not be substantial as this conditional increase in our contribution could hardly be used as a precedent for other departments in pressing claims for additional funds.

If Mr. Harris is quite unwilling to accept at this time instructions along the lines of paragraph (b), you might get him to agree that the Delegation should at least be informed that in the event of total pledges exceeding $25 million, the Canadian Government would be prepared to consider increasing its contribution. The Delegation might also be given permission to mention this possibility in private to other delegations without, however, indicating by exactly how much we might be willing to raise our contribution. The Delegation would then be expected to advise us of the total reached in order that the Government might determine at that time what would be the appropriate increase in our subscription.

Finance officials have spoken with Mr. Harris and he will be in a position to discuss the matter with you this afternoon if you can find an opportunity to call him.

J[ULES] L[ÉGER]

217. PCO/Vol. 2656

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], November 18, 1954

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UNITED NATIONS; CANADIAN CONTRIBUTION TO EXPANDED PROGRAMME OF TECHNICAL ASSISTANCE TO UNDERDEVELOPED COUNTRIES

17. *The Secretary of State for External Affairs* said that, in accordance with the decision at the meeting of October 28th, 1954, he and the Minister of Finance had discussed further the question of the Canadian contribution to the United Nations Expanded Technical Assistance Programme to Underdeveloped Countries for 1955. It was now suggested that the Canadian representatives be authorized to announce the intention of Canada to contribute $1.5 million, provided contributions by other

countries were substantial enough to ensure successful continuance of the programme. It was not intended, however, to provide immediately in the estimates for more than $850,000; it being understood that, if contributions of other countries were as high as expected, the balance required to bring the Canadian contribution to $1.5 million would be sought in the supplementary estimates. It was also proposed that, if contributions by other countries were very substantial, the government might reconsider its decision with a view possibly to increasing its contribution beyond $1.5 million.

18. *The Cabinet* agreed,

(a) that the Canadian representatives at the Fifth Pledging Conference of the United Nations Expanded Technical Assistance Programme for Underdeveloped Countries be authorized to indicate that the Canadian government was prepared to contribute $1.5 million to the programme for 1955, provided contributions were made by other countries in sufficient volume to ensure the continued success of the programme;

(b) that, for the time being, the sum of $850,000 be provided in the main estimates for this purpose; it being understood that, if circumstances warranted it, the balance of the moneys required to bring the Canadian contribution to $1.5 million would be sought in supplementary estimates; and,

(c) that, should other countries make total contributions substantially in excess of what was now anticipated, the desirability of increasing the Canadian contribution to the programme beyond $1.5 million would be reconsidered.

2e PARTIE/PART 2

ACCORD GÉNÉRAL SUR LES TARIFS DOUANIERS ET LE COMMERCE : NEUVIÈME SESSION DES PARTIES CONTRACTANTES
GENERAL AGREEMENT ON TARIFFS AND TRADE: NINTH SESSION OF THE CONTRACTING PARTIES

218. DEA/50092-B-40

Note du ministère du Commerce
pour le Comité interministériel sur la politique du commerce extérieur

Memorandum by Department of Trade and Commerce
for Interdepartmental Committee on External Trade Policy

ICETP DOCUMENT NO. 166 [Ottawa], June 14, 1954

CONFIDENTIAL

PROPOSALS TO DEFER THE REVIEW SESSION OF GATT

Exploratory discussions on the future of GATT and commercial policy took place between members of the United States State Department and a group of our

own officials, in Ottawa, on May 26 and 27.[56] An informal record of these discussions has been circulated to interested departments.

The Americans took the position that it is desirable to proceed in November with the Review Session of GATT, even if the position of Congress is insubstantial and disappointing with regard to the future of United States foreign economic policy. The Americans evidently hope to submit an internationally negotiated parcel of proposals to a more receptive Congress in 1955.

In these discussions, Canadians expressed alarm at the prospect of commending the Review Session in circumstances in which the United States would be unable to increase its own commitments with respect to any part of GATT and in which it would be withdrawing from its present level of commitments in certain important respects, notably agricultural import controls. The Canadian officials also expressed distaste for getting involved in such important negotiations with the United States Administration, in advance of any indication whatsoever of Congressional willingness to accept the results. Mainly for these reasons, the Canadians felt it would be desirable to press for a delay in the Review Session of GATT until about the end of the first quarter of 1955, to provide additional time for Congress to consider the President's proposals.

In advance of the forthcoming meetings of the United Kingdom - Canada Continuing Committee, it is desirable that the above position be reviewed by the Interdepartmental Committee on External Trade Policy. It is clear that any position officially adopted on the timing of the Review Session of GATT should be sufficiently flexible to be revised in the light of developments in the United States. The Committee will also wish to bear in mind the possibility of various overseas countries moving toward convertibility and the desirability of adjusting the timing and substance of the GATT Review to the constructive needs of such countries. In the Collective Approach, it was made clear that the United Kingdom would wish, as part of a convertibility operation, to reach firm understandings with other important trading countries on the subject of the rules of trade during a transitional period.[57] In reaching our own decision about the timing of the Review Session of GATT, therefore, it is desirable to explore with the United Kingdom the relationship of the Review Session to a convertibility operation.

A separate memorandum has been circulated by the Department of Finance, on the subject of Tariff Negotiations under GATT, including the re-negotiation of selected items now included in GATT schedules.

[56] Pour les discussions antérieures entre le Canada et les États-Unis à ce sujet, voir/For earlier Canada-United States discussions on this subject, see Document 523.
[57] Voir/See Document 388.

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

CONFIDENTIAL [Ottawa], May 26 and 27, 1954

COMMERCIAL POLICY DISCUSSIONS WITH UNITED STATES OFFICIALS

After a frank exchange of views, which were particularly divergent on the timetable for "reviewing" the GATT, the United States team left for Washington in the words of their leader "severely tested". We cannot say what impact may have been made on the State Department officials but we expect they are now reappraising the case which they expounded in Ottawa for renegotiating GATT this Fall. For our part, we continue to have very grave doubts about the wisdom of attempting the revision of GATT at this time. This memorandum provides an outline of the discussions — with as much detail of the specific proposals for rewriting the General Agreement as appears useful in the circumstances.

2. Evans said that their proposals concerning the timetable for the Review of the General Agreement were Administration views as such, but that their specific proposals for various parts of the General Agreement had not as yet been discussed with other agencies nor with Administration's political leaders.

Timetable for Review of the GATT

3. Evans declared that it had been decided in the White House both to seek a renegotiation of the organisational provisions of the General Agreement and to make at least a start on the substantive provisions this fall. The United States would propose that the Intersessional Committee meet this summer for a very preliminary exchange of views and that the Review Session commence in the second week of November.

4. Evans explained that the Administration wished to submit the renegotiated organisational provisions of the General Agreement to Congress early next year. He inferred that it might well be of some assistance to the Administration in obtaining a three year Trade Agreements Act in 1955 if the organisational provisions of GATT were already in a form which Congress could accept; and he suggested that the alternative was that a three year act might be jeopardised. He also saw other reasons for proceeding with the review this fall. The following developments would be taking place:

(a) In OEEC further progress would be made in considering the intra-European trade rules which would apply as countries moved towards convertibility or went convertible;

(b) The United Kingdom and the United States would be discussing standby arrangements for sterling convertibility.

These developments and the GATT Review are all closely related and if some progress were not made on each, it would be difficult to conclude any one of them. Finally, Evans observed that the State Department was worried at the possibility

that those who had supported a liberal commercial policy would lose interest and heart if nothing seemed to be happening on the GATT this year.

5. We indicated that in our opinion this fall appeared to be an inopportune time to go ahead with the Review Session for several reasons:

(a) Canada and the United States represented the element in GATT which wanted high standards of commercial behaviour. Hitherto progress in this direction had been made at a time when U.S. commercial policy generally appeared encouraging to other countries and there were prospects of expanding trade owing to the U.S. power to negotiate tariff reduction. Now, however, the U.S. Administration appeared to have suffered a severe defeat. What had been described as the most important element of its program in the field of foreign economic policy had been set aside. While opinions might differ about the practical value of the contents of the Trade Agreements Bill, the fact that the Administration had acquiesced in the shelving of it appeared ominous to the outside world. Other countries might be justified in wondering whether the Administration would be in a better position next year than now to obtain necessary legislation. In this atmosphere (which was also affected by uncertainty about possible "escape clause" actions) it was hardly likely that other countries would be prepared to accept a tightening of the trade rules. Experience showed that it was very difficult to conclude satisfactory negotiations on these matters when there was not a fairly good idea of what the United States might do.

(b) To endeavour to renegotiate the GATT in this climate would be a very difficult exercise which might do real harm to the General Agreement. Moreover, the United States would be entering into such negotiations with the avowed intention of subtracting from its obligations on both the organisational and substantive sides. Previously the United States had been able not merely to move forward but in fact to provide some leadership. The GATT is a finely balanced instrument and it would seem likely that other countries might well use the Review in order to lessen their own obligations. The net effect might approach a disaster.

(c) The U.S. proposals concerning the agricultural provisions were for us perhaps the most troublesome feature of the circumstances which would exist at a review session this fall. International trade is becoming more competitive. The United States would be asking other countries to bind themselves concerning manufactures but to leave the United States free on agricultural products. Considering the nature of Canadian trade this was hardly a program which could be readily sold to public opinion here — particularly if there was no positive element in the package. There would have to be a reasonably balanced deal.

6. Evans did not dissent from our views. He could only take careful aim with what weapons he had. He observed that the United States program was not entirely negative and their "subtractions" from GATT would likely be modest. They would hope to make the GATT a more effective instrument both by strengthening the balance of payments clauses and by the United States possibly accepting GATT as a full fledged international organisation with well-defined procedures and with an effective secretariat. Rosensen observed, perhaps significantly, that account must also be taken of what the United States might be doing outside the GATT. If the United

States supported convertibility for sterling this would be a forward movement and could provide a very favourable outlook. In such circumstances the major trading countries might be prepared (we thought the word he implied was "induced") to proceed with the GATT review.

7. We suggested that countries might not be ready in November to define their attitudes to the new long term trading rules and that it was hardly likely that November would provide the atmosphere which the United States side suggested might prevail.

8. There was some discussion about whether it appeared feasible to proceed with a review of the organisational provisions without getting into the substantive provisions. If such a separation was possible it might appear more feasible to have at least a partial review this autumn. This discussion was inconclusive but the following points emerged:

(1) A review of the organisational and substantive provisions could not be entirely divorced, largely because some of the important substantive provisions (i.e. Balance of payments and economic development) involved procedures which would be affected by the proposals for modifying the organisational provisions;

(2) Some sort of *start* might be made on both the organisational and substantive provisions — which might be enough to show the U.S. Congress in what direction the Review was moving.

(3) A renegotiation of some of the provisions might be completed this fall but accepted only *ad referendum.*

The United States Proposals Concerning the Organisational Provisions

9. The exposition by the State Department team was very helpful and it removed or reduced some of our doubts about the United States proposals. The State Department have in mind a fairly tight criterion which would have to be met before a contracting party could stand aside from a majority or a two-thirds decision. As Evans explained the criterion, the decision which the Contracting Parties were taking would have to alter explicitly a specific right or obligation in the basic contract in a manner which would materially affect the minority contracting party. The two main provisions of GATT involved were waivers and economic development measures affecting items in the schedules. In such circumstances, and only in such circumstances, the contracting party affected would have the right to terminate on a bilateral basis its obligations towards the contracting party obtaining the waiver (while continuing to be a member and to have a voice in GATT discussions including those affecting the other contracting party). Evans observed that such a termination was so drastic that it seemed unlikely that countries would go so far unless a very important right was affected. (The majority would be reluctant to place a country in a position where it would have cause to resort to such action, and the Contracting Party itself might even then hesitate to avail itself of the right of terminating its obligations unless the case was a very serious one.) The United States side pointed out that in most instances it would not be legally possible to terminate obligations on a discriminatory basis since old most-favoured-nation agreements would come into play in the event of any suspension of obligations under the GATT and would prevent such discrimination.

10. From this discussion it appeared that the cases in which United States would be unwilling to subject itself to the majority opinion of the Contracting Parties might be more limited than had been expected. In respect of most provisions in the GATT (e.g. balance of payments, nullification and impairment, etc.) they would hope that sufficiently precise standards could be incorporated in the organisational instrument (or possibly in the substantive provisions) that the Contracting Parties would merely have to determine whether those standards were being lived up to. The United States would apparently in those cases be prepared to be bound by such collective determination and to comply with any procedures for enforcing these standards (including any necessary consultations). They would also be willing to have the Contracting Parties given considerable powers of interpretation and to have the Contracting Parties make recommendations for the consideration of governments on almost any subject. The "let out" which they would require would be only in the case of waivers and closely analogous provisions.

The Balance of Payments Provisions

11. The United States team explained their "highly tentative" proposals in considerable detail. With the United States' general objectives there was of course no disagreement. These proposals include

(1) replacing the present unsatisfactory "objective" criteria (e.g. level of reserves) by procedures which could take account of underlying conditions and not merely symptoms;

(2) getting the important trading countries out from Article XIV of the I.M.F. to Article VIII so that countries going convertible would not have to fear new quota restrictions, or countries might undertake not to use for three years Article XIV without prior approval of the Fund;[58]

(3) obtaining the abolition of existing restrictions over a further period — possibly three years;

(4) taking care of the special case of the underdeveloped countries under Article VIII; and

(5) devising some means of closer cooperation between GATT and the Fund.

12. Under the arrangements in (3) above the State Department is considering two approaches, one through I.M.F. and the other through GATT. The U.S. team agreed that the form and method by which joint GATT-IMF consideration might be given to these questions appeared to raise several problems.

(a) the criteria by which the "level of restrictions" might be judged posed a formidable problem and it was not evident that the appropriate "level" could be determined without regard to the nature or composition of any proposed list of restrictions. Internal policies would certainly have to be examined.

(b) The IMF and the GATT had different forms of voting and the establishment of any form of joint consultation would tend to raise certain juridical problems, particularly as to the relationship of any joint body to the Fund. The extent to which conclusions of any joint body would be reviewed by, or could be appealed to, the

[58] Voir Canada, *Recueil des traités*, 1944, N° 37/See Canada, *Treaty Series*, 1944, No. 37.

full GATT and Fund membership would have to be considered. The views of the Fund and GATT might then have to be reconciled if they differed. The State Department have not thought these problems out yet.

(c) For the Fund to determine that the transitional period is at an end might not be satisfactory unless all the important trading countries agreed; and it appeared unlikely that they would voluntarily terminate the transitional arrangements and accept the Fund as presently constituted (e.g. weighted votes, and full time officials without responsibilities in their own capitals) as the final arbiter on restrictions.

(d) From the point of view of timing we also observed that it could hardly be expected that the countries with restrictions would agree to any new regime until the new trade rules had been agreed. In particular the countries which were not going convertible would find little attraction in the proposed new arrangements which would further limit their freedom without giving them any apparent benefits.

The Agricultural Provisions

13. Evans declared that the State Department's objective (which in fact was the original intention of Section 22 of the A.A.A.[59] though it had not taken this form) was to obtain agreement to the following "fair share" principle. If as a result of a domestic program imports are entering in larger volume than if there were no such program, imports could be restricted to the level at which they might reasonably be expected to have entered in the absence of a domestic program (which would normally be the amount of imports in a previous representative period). Evans said that an attempt would have to be made to revise Section 22 accordingly. The GATT might therefore be renegotiated along these lines this fall, the United States would reserve its position, and hope to be able to accept the new provisions when, and if, new legislation replaces Section 22. Alternatively, (as the U.K. has apparently suggested) this Article might be left temporarily in its present form in any GATT emerging from the proposed Review and the U.S. might merely attach a reservation to it until it can be renegotiated.

14. We pointed out that apart from the problem of defining a "fair share" the United States would be seeking a concession from the present provisions in the GATT or would be leaving a good deal of uncertainty concerning their attitude towards restrictions on agricultural imports. We agreed that it would be helpful to obtain some well-defined concept of imports which would not be interfered with; but countries would be looking for some additional commitment to restore the balance of the Agreement. At present agricultural export subsidization was of grave concern and we wondered whether the United States could not enter into some international commitment along the lines of the provisions in Section 550 of MSA not to interfere with normal marketing.

[59] L'article 22 de l'Agricultural Adjustment Act exigeait que le président impose des restrictions sur les importations de produits agricoles qui entravaient certains programmes agricoles, notamment ceux ayant pour objet de réduire la production et la commercialisation nationales, et de soutenir les prix intérieurs.
Section 22 of the Agricultural Adjustment Act required the President to impose restrictions on imports of agricultural products which interfered with certain agricultural programs, including those designed to restrict domestic production and marketing, and to support domestic prices.

15. Evans saw logic in this proposal but he suggested that any effort to obtain such commitments in present circumstances would do more harm than good. He thought the Administration could accomplish more by administrative action and if they tried to get some international commitment they might be over-ruled by Congress. Weiss said that United Kingdom officials had indicated that they did not want the subsidy question opened — owing to the pressure to apply quotas in the U.K. to reduce the agricultural subsidies in the budget.

Tariff Negotiations with Japan

16. Evans thought that there was some possibility that the Ways and Means Committee would report out the Trade Agreements Bill without any strings attached. At least this was the White House intention. No consideration had been given as yet to fitting negotiations with Japan into the GATT timetable. He hoped however that a multilateral negotiation with Japan might be feasible. Negotiations would take at least two and a half months and an announcement in the United States would have to be made towards the end of August.

17. We indicated that while we would welcome Japan's accession to GATT, we were about to extend to Japan low most-favoured-nation rates; and inasmuch as Japan was not the principal supplier for many items of interest to us there would not be much scope for direct negotiation. The scope for reductions might however be widened if there were concurrent negotiations with the United States on items of interest to Japan. Evans did not appear to rule this possibility out.

18. Evans also remarked that if there appeared to be any great difficulty for the Administration in obtaining Congressional passage of both the one year extension of the Trade Agreements Act and the Customs Tariff Simplification Bill the Administration would opt for the former. He thought the chances were good for the Jenkins' bill on valuation.

Further Binding of the Tariff Schedules

19. We pointed out that consideration would have to be given to the future status of the Schedules before their present period of validity expired. The Schedules have been extended until June 30, 1955, but at the Eighth Session of the Contracting Parties it had seemed to us that a number of countries were anxious to make adjustments in their tariffs. It seemed likely that there would be more pressure than there was last year for adjustments in the schedules; and this pressure might endanger tariff stability. The United States team agreed that further steps to ensure the continuation of the Schedules should be considered before too long, although the exact timing might depend upon the prospects for holding new negotiations.

20. We had a word with Evans about the possibility of a postponement of the Intersessional Meeting. Evans was non-committal but indicated that he would give the matter further consideration during the next few weeks — (no doubt in conjunction with a re-examination of the timetable for the Review Session).

219. DEA/50092-B-40

Note du ministère des Finances
pour le Comité interministériel sur la politique du commerce extérieur

Memorandum from Department of Finance
for Interdepartmental Committee on External Trade Policy

ICETP DOCUMENT NO. 167 Ottawa, June 14, 1951

CONFIDENTIAL

GATT TARIFF SCHEDULES

1. The GATT tariff schedules incorporate all the concessions, including bindings, granted in the course of the three rounds of tariff bargaining held at Geneva, Annecy and Torquay. There is a separate schedule for each Contracting Party. These schedules lay down the maximum tariff rates which Contracting Parties may apply to one another's trade.

2. The tariff schedules were initially bound for a period of three years — until January 1, 1951. Since that time, they have been extended for further periods; at Torquay they were bound until January 1, 1954; and at the last Session they were bound for a further period of 18 months. Under present arrangements, therefore, the GATT tariff schedules are firmly bound until July 1, 1955.

3. The decision of the Contracting Parties last fall to extend the schedules was taken in the expectation that arrangements would be made during 1954 for a further round of tariff bargaining, for negotiations with Japan, and also for a re-examination of present schedules. This tentative timetable was predicated on the hope that the United States would obtain new tariff-cutting powers early enough to participate in this programme. As events have turned out it is now virtually certain that the United States will not be in a position to engage in a further round of tariff negotiations to fit in with the July 1, 1955 expiry of the assured life of the present schedules. It is not yet clear what the United States position will be with respect to negotiations with Japan. Regardless of what the position may be respecting new negotiations and negotiations for Japanese accession, a decision will have to be taken on the future status of existing tariff schedules.

4. The discussion which follows on various alternative methods for dealing with this problem is based on the assumption that the United States Congress will extend the Reciprocal Trade Agreements Act for one year, with or without a rider that the tariff-cutting powers are not to be used for any major negotiations (i.e., negotiations with Japan). Should events turn out otherwise, this whole matter will, of course, have to be reconsidered.

Status of the Present Tariff Schedules

5. There are three possible methods of dealing with the future status of the existing tariff schedules:

(1) Allow the provisions of Article XXVIII to come into operation after July 1, 1955. This would mean that the tariff schedules would remain in effect subject to

the right of Contracting Parties to withdraw or modify bound rates in accordance with the procedures of that Article. It should be pointed out that in the last analysis Article XXVIII allows countries to modify tariff rates unilaterally.

(2) Extend the present schedules without any modification at all for a further firm period.

(3) Renegotiate the present schedules and bind the results for a firm period. In such negotiations countries would endeavour to maintain a general level of reciprocal concessions not less favourable to trade than that provided for in the present agreements. Following such a negotiation the modified tariff schedules would be extended for a further period of say two or three years.

6. The simplest method would be to allow Article XXVIII to come into operation, since this would not require any positive action or decisions. This approach, however, has serious disadvantages. It would further impair the stability of tariff rates which has been one of the principal achievements of the GATT. Article XXVIII would establish a new escape clause which does not have the safeguards contained in the present Article XIX. The only sanction to discourage countries from making excessive use of its provisions is the right of other countries to withdraw substantially equivalent concessions in cases where a satisfactory settlement is not reached. Withdrawals and counter-withdrawals could start an unravelling process with a progressive deterioration of the value of tariff bindings.

7. The second alternative, a simple extension of the present schedules without modification, while it would have obvious advantages, will not likely be acceptable to a number of countries. Discussions at the last Session indicated that quite a few countries will want to modify certain bound rates as soon as the next opportunity arises. These countries agreed to an 18-month extension with considerable reluctance and are not likely to agree to a further extension. In this connection it is relevant that Canada may also wish to modify certain bound items. On balance, therefore, it would seem reasonable to assume that present schedules will not be rebound without some changes.

8. In the circumstances, the only realistic approach would seem to be to arrange for limited renegotiations prior to July 1, 1955. At best, such a process will be protracted and difficult, and if it is to be completed before next July it will be necessary to have a renegotiating Session not later than the spring of 1955. Arrangements can be made either at the next regular Session of GATT, or alternatively, the Intersessional Committee can be charged with the task of devising appropriate procedures.

9. The question arises as to what position Canada should take when this matter comes up for discussion at the fall Session. In the past, Canada has taken the lead in urging the extension of the schedules without modification. This would not be a realistic policy in present circumstances, either from the point of view of our own needs or the needs of other countries. At the same time it should not be necessary for us to take any initiatives in arranging for a re-examination of the schedules. It would seem reasonably safe to proceed on the expectation that the minimum requirements of other countries in this regard will provide sufficient scope for the limited adjustments required by Canada.

10. The foregoing analysis has been based on the view that Canada would derive trade benefits from the continued binding of GATT tariff schedules. Should it turn out, however, that the United States makes widespread and indiscriminate use of the Article XIX escape clause, this assumption may no longer be valid. In this event it would matter little if Article XXVIII is allowed to come into operation. We would no doubt wish, in such circumstances, to re-examine our position and to decide whether it would not be preferable for Canada to avoid what in effect are one-sided commitments with respect to tariff bindings.

Negotiations with Japan

11. Reports from Washington in the past few days suggest the possibility that the Reciprocal Trade Agreement Act may be extended for a year in its present form, without restrictive riders. If this were to materialize the United States would be in a position to enter into meaningful tariff negotiations with Japan. Accordingly it may be useful to examine some of the problems involved, and the position which Canada might take with respect to Japanese negotiations.

12. It is the established practice under GATT that a new country accede only after extensive tariff negotiations. The acceding government is expected, in the course of such negotiations, to offer tariff concessions in payment for any new tariff reductions as well as for benefits accruing to it from the existing tariff schedules. Japan has been willing to pay appropriate "membership dues" for several years now but, thus far, has not been admitted to full membership.

13. At the Eighth Session arrangements were made for fuller participation by Japan in the GATT meetings and also for the application of GATT provisions, including the tariff schedules, between Japan and those Contracting Parties willing to do so. In return Japan agreed to bind a substantial part of its tariff in favour of those countries which were prepared to enter into this undertaking. This was intended to be a transitional arrangement pending tariff negotiations with Japan directed to its full membership. Some twenty-four countries, including Canada, have now entered into these transitional arrangements.

14. Canada has, in principle, favoured full Japanese membership. On the question of timing, however, we held the view that the effective absorption of Japan into the GATT trading community could be best achieved after multilateral tariff negotiations, in which the major trading countries, including the United States, took an effective part. This approach was supported by a large number of Contracting Parties, including the United Kingdom.

15. The present Reciprocal Trade Agreements Act provides authority to reduce tariffs by 50% of the 1945 rates. If extended without crippling limitations it would allow the United States to make significant concessions not only to Japan but also to third countries in part payment for concessions they make to Japan. In their broadest form these powers would seem to offer scope for meaningful tariff negotiations with Japan and also with countries which have not exhausted the possibilities for tariff concessions under the present R.T.A.A., i.e., the United Kingdom. Even the broadest interpretation, however, would only have limited value for Canada, since we have pretty well used up all the existing United States tariff-cutting pow-

ers. We would, of course, benefit indirectly from United States concessions to Japan and other countries.

16. The question is raised, how far Canada should get involved in direct tariff negotiations with Japan. On balance it would seem that there is not much scope for a tariff deal of this kind. Japan is, at present, chief supplier to Canada on less than a dozen relatively minor products. For most products which Japan would be interested in exporting to Canada, the United States is the chief supplier. We would hardly be willing to negotiate on such products in circumstances where the United States is not in a position to make concessions of direct value to us. Looking at the concessions which Japan might make to us, we are much more concerned with direct restrictions imposed by Japan than with her tariff, which is quite moderate. Furthermore, there is something to be said for holding back on further tariff concessions to Japan until Canadian industry has absorbed the effects of the substantial tariff reductions resulting from the extension of Most-Favoured-Nation treatment. It would seem therefore that any direct negotiations between Canada and Japan will likely be of a limited nature. Nevertheless it would be in our interest to encourage the broadest possible agreements between Japan and other countries in order to make maximum use of United States tariff-cutting powers.

220. DEA/50092-C-40

Procès-verbal d'une réunion du Comité interministériel sur la politique du commerce extérieur, le 15 juin 1954

Minutes of Meeting of Interdepartmental Committee on External Trade Policy, June 15, 1954

SECRET [OTTAWA], JUNE 21, 1954

Present:

Mr. R.B. Bryce, Secretary to the Cabinet (Chairman),
Mr. D. Sim, Deputy Minister of National Revenue,
Mr. F.W. Bull, Deputy Minister of Trade and Commerce,
Mr. J.E. Coyne, Deputy Governor of the Bank of Canada,
Mr. R.M. Macdonnell, Asst. Under-Secretary of State for External Affairs
Mr. A.F.W. Plumptre, Department of Finance,
Mr. A.E. Richards, Department of Agriculture,
Mr. R. Cousineau, Tariff Board,
Mr. W.R. Martin, Assistant Secretary to the Cabinet (Secretary),
Mr. W.P. Chipman, Privy Council Office (Assistant Secretary).

Also Present:

Mr. M.W. Sharp, Associate Deputy Minister of Trade and Commerce,
Mr. C.M. Isbister, Department of Trade and Commerce,
Mr. L. Rasminsky, Bank of Canada,
Mr. A.E. Ritchie, Department of External Affairs,
Mr. A.R. Kilgour, Department of External Affairs,
Mr. S.S. Reisman, Department of Finance,
Mr. A.B. Hockin, Department of Finance.

I. GATT REVIEW SESSION; PROPOSAL TO DEFER UNTIL EARLY IN 1955

1. *The Deputy Minister of Trade and Commerce* said that the Canadian members of the Canada-United Kingdom Continuing Committee on Trade, who were leaving at the end of the week for meetings in London, required guidance on the attitude they should take with United Kingdom officials about the timing of the Review Session of the GATT. His department and Finance had prepared memoranda respectively on proposals to defer the Review Session, and on the status of the tariff schedules.

2. *Mr. Isbister* said there was an increased feeling that it would be desirable to reconsider the date of the Review Session.

Meetings had been held in Ottawa on May 26 and May 27 with representatives of the United States State Department, and exploratory discussions on the future of the GATT and commercial policy took place. The Americans took the position that it was desirable to proceed with the Review Session in November, as planned, despite the disappointing position in the Congress. The Canadian officials, on the other hand, expressed alarm at commencing the Review Session in what they considered to be very unfavourable circumstances. The proposed Review Session had been timed to take place after the Randall Commission had reported and when the United States presumably would be implementing its recommendations. Now, however, it appeared fairly clear that little action, if any, would be taken at this Session of Congress on the President's important recommendations on trade policy.

The United States would be in the position of being unable to increase commitments with respect to GATT and would, indeed, be seeking withdrawals in certain important respects, notably with regard to the agricultural provisions. This would quite possibly lead to a chain reaction of withdrawals by other countries. The Canadian officials also expressed distress at the prospect of becoming involved in negotiations with the U.S. administration in advance of any Congressional willingness to accept even part of the results.

In the circumstances, it appeared desirable to defer the review until U.S. policy was firmer. It was clear that the U.S. officials were in retreat but they hoped that if the session was held as scheduled they might be able to present a programme to a more receptive Congress after the fall elections with some reasonable chance of favourable action being taken on at least a portion of it — in particular the three-year Trade Agreement Act with power to negotiate tariff reductions.

While it seemed desirable now to press for postponement of the Session, our attitude should be flexible in case of a change in the United States atmosphere. The possibility of various countries moving towards convertibility should also be borne in mind. In the collective approach, it was made clear that the U.K. would wish, as part of the convertibility operation, to reach firm understandings with other important trading nations on rules of trade during a transitional period. It was not known what these rules might be, nor the auspices under which they would be negotiated, and the timing of the Review Session of the GATT would in part depend on whether these rules were to be worked out under the GATT, or elsewhere. Canadian officials also were not aware of the degree of positive action on commercial

policy in the United States which the British would regard as a pre-requisite to convertibility.

In reaching our own decision about the timing of the Review Session, it was therefore desirable to explore with the U.K. the possible relationship of the session to a convertibility operation.

With the foregoing in mind, Canadian officials at the Continuing Committee meetings might explore with the British — and perhaps later with the United States — the possibility of postponing the Review Session of the GATT.

(An explanatory memorandum — ICETP Document No. 166 — had been circulated).

3. *Mr. Reisman* said the United States wanted to go ahead with the Review Session as planned, for two reasons: to keep up what momentum existed, and to deal with the organizational provisions of the GATT.

Many Congressmen were hostile towards the GATT. It was a multilateral agreement embracing several bilateral arrangements and, by a majority vote, the parties to it could modify those bilateral arrangements entered into by the United States and other individual nations. There was a strong feeling in Congress that this should not be allowed to happen, and U.S. officials felt that, if the organizational provisions could be modified to prevent such action occurring, much Congressional antagonism toward the GATT would be removed. If the organizational aspect could be looked into independently, the United States might agree to a postponement of other substantive revisions.

4. *Mr. Isbister* said that considering organizational problems in relating to the Review Session would lead into many confusing issues about which we were not fully informed. It might be better, therefore, to base a decision solely on the question of the Review Session.

5. *The Associate Deputy Minister of Trade and Commerce* asked if the review could be postponed indefinitely.

6. *Mr. Isbister* said that the tariff schedules had been bound to July 1, 1955. In advance of discussing their future, most countries would want to have a look at the substantive provisions of the Agreement. In suggesting a delay for the review, he was thinking of a postponement, say, until early 1955, and not indefinitely.

7. *The Deputy Minister of National Revenue* asked, if the Review Session were to be held in March, 1955, whether it would be completed before July and in advance of a round of tariff bargaining.

8. *Mr. Isbister* said he thought that if a positive programme were under way, countries concerned might agree to a further short binding of schedules until negotiations were completed.

9. *Mr. Ritchie*, in reply to a question from Mr. Sharp concerning the organizational provisions, said they were concerned with such matters as sanctions, waivers, and the like.

10. *Mr. Sharp* said it would seem difficult in these circumstances — if an attempt were made to negotiate on only the organizational provisions — to avoid getting into discussion on the agricultural Escape Clauses which were of vital interest to us

and about which national representatives would have to know the policy of their respective governments.

11. *The Deputy Governor of the Bank of Canada* was under the impression that what the U.K. wished, in relation to a convertibility operation, was a fairly broad understanding on trade policies rather than a revision of specific rules. In the circumstances, he thought the United Kingdom would probably agree to a postponement of the Review Session.

12. *Mr. Isbister* agreed that the U.K. desire for a Review Session in November had probably disappeared because the Kean Bill, which embodied the main recommendations of the Randall Commission and the provision for the Executive to reduce tariffs by 15% over a three-year period, was not being proceeded with at this Session of Congress.

13. *The Chairman* said that the central question appeared to be whether the U.S. representatives at a Review Session would have no clear indication of Congressional policy or whether they attended with some firm directive which, if accepted at the meeting, might be presented to the Congress with a reasonable expectation of it being ultimately approved.

14. *Mr. Rasminsky* said that if the Session were to be held in November as planned, U.S. representatives would wish to change the organization in two ways: They would wish to remove from the Articles of the Agreement anything which was repugnant to their domestic legislation and to strengthen the balance of payments provisions, substituting procedures which would require prior approval of participating countries for the present objective tests. The United States, of course, was the one country which would be unlikely to ever have to resort to the balance-of-payments provisions. In practice, this would mean writing into the GATT the restrictions now in the Agricultural Adjustments Act and the removal of executive authority to negotiate adjustments in the GATT arrangements which would affect the existing tariff concessions. The U.K. might, however, find a strengthening of the balance-of-payments provisions helpful in meeting difficulties which might occur in a move towards convertibility. There was not much hope for the negotiations, however, if the U.S. wanted to amend the GATT in the manner he had outlined.

15. *Mr. Reisman* felt that the U.S. had been thinking only of the sterling area and had not given much consideration to European, Latin American and certain Asian nations.

16. *Mr. Ritchie* said that if IMF funds were made available there might be a counter balance to the U.S. proposal.

17. *Mr. Rasminsky* did not think this would be too convincing, since countries which might obtain funds were not those who were concerned too directly with the possible changes.

18. *Mr. Isbister* raised another question in connection with timing of the Review Session. If negotiations were carried out *ad referendum* and the document which emerged was not accepted by Congress, there would be a real danger of complete confusion. A perfectly valid excuse to withdraw from the GATT would be presented to the countries concerned.

19. *Mr. Sim* said the arguments all seemed to favour delaying the Review Session, since there appeared to be nothing to lose — and there was a possibility of making some gains — by doing so.

20. *The Assistant Under-Secretary of State for External Affairs* agreed that the logical policy seemed to be to press for a delay with, however, a degree of flexibility in case the situation changed in the United States.

21. *The Committee*, after further discussion, agreed that the Canadian representatives at the forthcoming meeting of the Canada-United Kingdom Continuing Committee on Trade discuss with the U.K. authorities concerned the timing of the Review Session of the GATT, including the question of whether it would be desirable to postpone it until the spring of 1955, unless developments in the United States in the meantime tended to alter the situation, in which case the Canadian position would be reviewed; it being kept in mind that tariff schedules were bound only until July 1, 1955, and in any event it would be highly desirable to have a review of the substantive GATT provisions prior to the conclusion of another round of tariff bargaining.

II. STATUS OF GATT; TARIFF SCHEDULES

22. *Mr. Plumptre* said that, under present arrangements, GATT tariff schedules were bound until July 1, 1955. Regardless of the time of new negotiations and negotiations for Japanese accession, a decision would have to be taken on the future status of these schedules. There were three possible methods of dealing with them:

(a) To allow the provisions of Article XXVIII to come into operation after July 1, 1955. This would mean that the tariff schedules would remain in effect subject to the right of Contracting Parties to withdraw or modify bound rates in accordance with the procedures of the Article; in other words, tariff rates could be modified unilaterally.

(b) To extend the present schedules without any modification at all for a further firm period; or,

(c) to renegotiate the present schedules and bind the results for a firm period.

Although (a) would be the simplest method to adopt, it would have the serious disadvantage of further impairing the stability of tariff rates by the establishment of a new Escape Clause. Alternative (b) would provide a number of obvious advantages, but it would probably be unacceptable to a number of countries who had indicated that they would wish to modify certain bound rates as soon as opportunity arose. Canada itself might wish to modify tariffs on certain items.

In the circumstances, the most realistic approach appeared to be to arrange for limited renegotiation prior to July 1, 1955. In order to meet the timetable, the renegotiation Session would have to start not later than the spring of 1955. Arrangements could be made either at the next regular session of GATT or, alternatively, the Intersessional Committee could be charged with devising appropriate procedures.

The question arose as to what position Canada should take at the fall session when this matter would be discussed. It did not seem realistic to press for the exten-

sion of schedules without modification. At the same time, it should not be necessary to take any initiative in arranging for a wholesale re-examination of the schedules. It would seem therefore that it would be reasonably safe to proceed on the expectation that the minimum requirements of other countries for re-examining schedules would provide adequate scope for a small number of adjustments required by Canada. If, however, the U.S. were to make widespread use of the Article XIX Escape Clause, our whole position would have to be re-examined.

As far as negotiations with Japan were concerned, it appeared possible that the RTAA might be extended for a year in its present form and, if this were so, the U.S. could enter into meaningful negotiations with Japan.

At the last session of the GATT, arrangements had been made for fuller participation by Japan but it was held that the actual absorption of Japan into the GATT could be best achieved after multilateral tariff negotiations in which the major trading nations, including the U.S., took an effective part. Canada had used up for its own purposes most of the existing U.S. tariff cutting powers but we would benefit indirectly from U.S. concessions to Japan and other countries. It appeared that there was not much scope for Canada for tariff negotiations with Japan and, in any event, most-favoured-nation treatment had been extended to that country already. While it seemed therefore that direct negotiations between Canada and Japan would likely be of a limited nature, it would nevertheless be in our interest to encourage the broadest possible arrangements between Japan and other countries in order to make the maximum use of U.S. tariff cutting powers. We should, however, participate in any negotiations directed towards Japan's admission to the GATT if such negotiations did in fact occur.

(An explanatory memorandum — ICETP Document No. 167 — had been circulated).

23. *The Deputy Governor of the Bank of Canada* asked why existing schedules could not be rebound instead of risking the collapse of GATT by the renegotiation of all items.

24. *Mr. Reisman* said that many countries wanted to make adjustments in their rates so that renegotiation would probably be inevitable. We should bear in mind our own situation with respect to wool.

25. *Mr. Isbister* said that before the Torquay session several of the major trading countries had decided not to withdraw items from the existing schedules. If it were not that Canada hoped to make some withdrawals, it would be possible to suggest a similar restriction for the forthcoming session.

26. *The Deputy Minister of National Revenue* said that essentially the Canadian position would be one of rebinding. Such modifications as might be looked for would be comparatively modest and we should aim to fall back to the present situation as far as that was possible.

27. *Mr. Isbister* pointed out that if the few items of direct concern to Canada could be withdrawn under Article XIX, it would seem preferable to have a general rebinding at the negotiating session. The U.S. might be encouraged to take the same position, although the less use there was made of Article XIX the better. The

reference to the Tariff Board on wool would not necessarily be prejudicial since it had not been entirely specific.

28. *Mr. Reisman* agreed that if major trading countries were willing to rebind their schedules, it might be possible to look into the few problem items that we had and work out understandings with the countries affected. It should be borne in mind, however, that if any progress were made on removing quantitative restrictions, there would undoubtedly be more pressure to raise tariffs.

The main benefits which had accrued to Canada in the multilateral negotiations over the past few years had been as a result of concessions from the U.S. If that country was to make extensive use of Article XIX, it would not matter much to us whether we had a general rebinding of the schedules or not.

29. *Mr. Plumptre* said everything should be done to avoid Article XXVIII coming into operation. Our most preferable tactics would be to work for a general rebinding, with an indication perhaps that on some items certain countries might wish to make freer use of Article XIX. So far as possible, we should avoid a general renegotiation.

30. *The Committee*, after further discussion, agreed to recommend that when the future status of the GATT tariff schedules was being considered, Canada should take the position that they should not be allowed to lapse with Article XXVIII coming into operation; that, rather than having a general renegotiation of schedules, there should be a rebinding for a further period, with some recourse, if necessary, to the use of Article XIX in certain specific cases or to an arrangement made similar to the one reached at the last regular session of GATT whereby certain limited revisions in tariffs could be allowed subject to the approval of the Contracting Parties.

W.R. MARTIN
Secretary

221. DEA/9100-AO-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord et de l'OECE au sous-secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council and OEEC to Under-Secretary of State for External Affairs

LETTER NO. 1846 Paris, June 18, 1954

CONFIDENTIAL

Reference Your Letter E-368 of June 2, 1954.†

COMMERCIAL POLICY DISCUSSIONS WITH THE UNITED STATES OFFICIALS MAY 26 AND 27, 1954

I was interested in reading over the Note prepared in the Economic Division on the discussions with United States officials about the General Agreement on Tariffs and Trade. In this letter I wish to comment on paragraph 5 of that Note, which sets

forth the reasons given by the Canadian officials for not going ahead this year with the review of GATT.

2. When I learned about the severe defeat suffered by the U.S. Administration in their attempt to secure enactment of the commercial policy recommendations of the Randall Commission, I shared the misgivings expressed by the Canadian officials regarding the difficulty of maintaining high standards of commercial behaviour at a time when the United States was not able to assert effective leadership. Since then, I have attended the meetings of the OEEC Examination Group on Convertibility. This has entirely altered my view regarding the prospects for the Review Session. I can now see that it would be a great mistake to postpone the review of GATT because in the United Kingdom view it has become one of the essential steps towards convertibility.

3. The United Kingdom appear to have given up their original intention of deferring the drafting of trade rules until the countries whose currencies become convertible have had some experience of the operation of convertibility. Sir Leslie Rowan, at the meetings to which I have referred, strongly expressed the view that the trade rules for world-wide application should be established by the forthcoming review of GATT. What the United Kingdom is now asking is that there should be a period of grace of one year from the time the currency of a country becomes convertible until that country is obligated to apply fully the new trade rules. In other words, the United Kingdom wants a period of one-year before it dismantles entirely its bulwark of restrictions on dollar imports. In the meantime, there would be a set of rules for the transitional period, which would be briefly set forth in the revised GATT, but could be provided for with greater precision in the OEEC Code of Liberalization, subject to such modifications as changing circumstances might dictate. Rowan endeavoured, without success, to obtain the agreement of the group to an endorsation of the principles set forth in Paragraph 15 of the United Kingdom paper on "Convertibility" (OEEC Document No. GMC (54)1) to be applicable to the review of GATT.

4. There was a distinct tendency on the part of the OEEC veterans, such as the Representatives of Belgium, Italy, and Switzerland, to have the OEEC made the organization responsible for the administration of the trade rules not only for the transitional period of grace but also for the long term. At the final meeting nearly all the countries on the Continent subscribed to this view for the reasons set forth in our letter No. 1737 of June 4.[60] I felt it incumbent on me to intervene on behalf of GATT, and Rowan endorsed what I said as representing the position of the United Kingdom. It became clear from private discussions that there would be no possibility of Congress approving the assumption by the United States of full membership in OEEC. Marjolin proposed the adherence of the other countries of the Commonwealth as Associate Members of the OEEC. Rowan pointed out in private conversation that there would be no possibility of the Asian members of the Commonwealth becoming associated with the OEEC nor could the United King-

[60] Voir/See Document 642.

dom agree to some members of the Commonwealth becoming Associate Members of the OEEC without others.

5. The firm stand taken by the United Kingdom means that in the coming review of GATT, the leadership in maintaining high standards of commercial behaviour will have passed from the United States to that country. We shall still be able to count on United States support, for what it is worth, for the maintenance of tariff stability, but in upholding the main principles of non-discrimination and the removal of quantitative import restrictions as well as in the attack on bilateral balancing of trade, it will be the United Kingdom that will provide the chief and the most effective leadership.

6. The transition from association with the United States to association with the United Kingdom in the leadership of GATT should present no great difficulties for Canada. We should welcome the change in the United Kingdom position from that of a reluctant and somewhat half-hearted partner to that of a leading exponent of our views. Whereas formerly the United States and Canada were out in front of the other countries, we shall now be associated with a large number of like-minded countries. Most of the other Commonwealth countries may be expected to respond to United Kingdom leadership. We should also have the full support of the Western European countries who expect to make their currencies convertible. After my speech, Mr. Schaffner, one of the principal economic officers of the Swiss Government, told me that what I had said indicated the possibility of Switzerland becoming a contracting party to the General Agreement. He said that if Rowan was correct in his forecast about the end of bilateral balancing of trade, all that Switzerland would require would be exceptions to permit them to continue bilateral deals with state-trading countries, e.g., those behind the Iron Curtain.

7. We are entering a new era in GATT in which the trade rules become more important than reductions in tariffs. It is in the latter field that United States leadership has been so essential and can not now be accorded at least until effect is given to the recommendations of the Randall Commission. I do not think we should yet despair of the United States. My testimony before the Randall Commission gave me the opportunity of seeing and hearing such dominant figures as Senator Millikin, the Chairman of the Senate Finance Committee, and Mr. Dan Reed, the Chairman of the House Ways and Means Committee. It is necessary to see and hear them in order to believe. Since then, I have not had much faith in the possibility of any favourable developments when action was dependent on the committees over which these two men presided. I was encouraged by the recent demonstration in favour of the recommendations of the Randall Commission put on by five Democratic Senators and Senator Morse. The balance of parties in Congress is so even that we must always keep in mind the possibility of a change in the Chairmanship of the two key committees.

8. The U.S. Administration attach importance to the organizational agreement of GATT being presented to Congress as part of one package, along with the Randall Commission's recommendations on commercial policy. I think it is encumbent on us to help them achieve this end.

9. We should be grateful in one sense that the Randall Commission's recommendations were not enacted this year. I was full of qualms about the swollen programme with two different kinds of tariff negotiations and a review of GATT all planned to take place within the space of a few months.

10. There is another factor which the Canadian officials may have overlooked, and that is the difficulty we shall have in maintaining the validity of the existing schedules to GATT beyond June 30, 1955. This will be one of the chief problems with which we will be confronted at the next session. It became clear at the last session that the majority of the contracting parties wanted a review of GATT at an early date. In particular, greater freedom must be accorded to the under-developed countries in their legitimate desires to promote the development of new industries. We should encourage them to resort to tariff action rather than the imposition of quantitative restrictions to achieve this end. If we are to retain their membership in GATT, we must, however, make exceptions in their favour when drafting the new trade rules (Article XVIII).

11. If, at the Intersessional Meeting in July, we were to propose a postponement of the review of GATT, I feel that this would lead to a weakening in the support for GATT of the under-developed countries. This would later be reflected in widespread resort to Article XXVIII when the validity of the existing schedules expires on June 30, 1955.

12. To sum up, I would state that we are irrevocably committed to a review of GATT late this year, and that any postponement would do more harm to GATT than the harm envisaged by the bankruptcy of United States policy. Moreover, the United Kingdom has come out strongly in favour of GATT in connection with the trade rules for the period after convertibility. They are prepared to undertake the revision of these trade rules at an early date. Although I believe they would prefer a review session commencing in January, they are now reconciled to one commencing in November.

13. In view of all this, I hope that the Canadian officials will feel that in their discussions with the United States officials they have made a useful demonstration against the bankruptcy of United States policy, but that they will agree that there can be no question of postponing the review session of GATT now contemplated for next November.

14. I am sending a copy of this letter to Mr. N.A. Robertson, High Commissioner for Canada in London, in order that he may bring it to the attention of the Canadian officials who will be attending the meetings of the Continuing Committee next week.

L.D. WILGRESS

222. DEA/10364-A-40

Extrait du procès-verbal d'une réunion du Comité permanent Royaume-Uni-Canada sur le commerce et les affaires économiques

Extract from Minutes of Meeting of United Kingdom-Canada Continuing Committee on Trade and Economic Affairs

SECRET London, June 21, 1954

Present:
In the Chair
His Excellency Mr. N.A. Robertson, High Commissioner for Canada in London

Canada	*United Kingdom*
Mr. W.F. Bull	Sir Frank Lee
Mr. J.G. Taggart	Sir Leslie Rowan
Mr. L. Rasminsky	Sir Henry Hancock
Mr. A.F.W. Plumptre	Sir Eric Bowyer
Mr. C.M. Isbister	Mr. J.J.S. Garner
Mr. R.P. Bower	Mr. W. Graham
Also Present	*Also Present*
Mr. R. Campbell Smith	Sir R. Hall
	Mr. L.H. Robinson
	Mr. A.W. France
	Mr. E.A. Cohen
	Mr. A.E. Percival
	Mr. C.W. Sanders
	Mr. R.F. Bretherton
	Mr. J. Thomson
	Mr. J. Thomson
	Mr. S.H. Levine
	Mr. H.G. Curran
Secretaries	
Mr. J.F. Grandy	Mr. R.G. Chisholm

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ITEM 1(C) — THE G.A.T.T.

Sir Frank Lee said that the U.K. side had two main reservations in discussing G.A.T.T. at this stage viz: (a) our thinking on what we should press for, or resist, at the next review of the G.A.T.T. was very far from complete; and (b) we required to do much more thinking about the trade aspects of the Collective Approach. In the U.K. nothing in the way of officials' preliminary views on the trade rules had yet been put to Ministers, but it was intended, some time in the summer, to send a paper to Commonwealth Governments as a prelude to high level talks early in October. He could not therefore say anything of a definitive nature at this stage.

As the Canadians knew, the U.K. hoped that other Commonwealth countries would be represented at a high policy level at the Commonwealth meeting of officials on 5th October. We regarded it as most important that before the review of the G.A.T.T. Commonwealth countries should together have had a thorough review of

their policies in regard to the basic principles of the G.A.T.T. In addition to giving further consideration to the trade rules to be applied under the Collective Approach and to the changes in the G.A.T.T. that might be necessary to this end, the meeting might be expected to consider such major topics as strengthening the provisions relating to export subsidies, whether parts of the draft Havana Charter, e.g. those relating to employment policy, commodity policy and restrictive business practices, should be brought into the G.A.T.T., and if we or any other Commonwealth country wanted to raise the matter in any form (and he could not say whether or not the U.K. might want to do this) of Imperial Preference.

In considering the timetable the U.K. had been troubled by much uncertainty about what the U.S. would want; the U.K. hoped for a reasonable interval, after the October meeting, for Commonwealth officials to report to their Governments and secure firm instructions as to the line they should follow at Geneva. It appeared that in this regard the thinking of the U.S. Administration was dominated by their plans for securing Congressional approval for the reviewed G.A.T.T. and they were therefore anxious to start the review as early as possible in November. The U.K. had agreed with reluctance to fall in with this though from many points of view we would have much preferred to put off starting the review until early 1955. Our fear was that the U.S., in their anxiety to put proposals to Congress, might incline towards a review much less searching than the U.K. would wish. *Sir Frank Lee* wondered whether a fundamental divergence was not developing between the U.K. and the U.S. view concerning what should be a really long term Agreement. He hoped that Mr. Isbister could tell the Committee something about what the U.S. officials had said about all this.

Mr. Isbister saw no reason why October 5 would not be a satisfactory date for the opening of the Commonwealth talks and said that it should be possible to meet the U.K. view about representation. Referring to the timing of the Review Session of G.A.T.T., however, he said that Canadian officials were now considering the desirability of some temporary postponement, until a date early in 1955. Canadian views had been deliberately formulated in a very tentative way until it could be discovered whether the U.K. regarded the Review Session in November 1954 as an integral part of its progress towards convertibility. It would be recalled that the prospect of the three-year Trade Agreements Act had given some urgency to the decision to review G.A.T.T. in the autumn of 1954. Now that the Kean Bill had been postponed we were still waiting to see what the position of the U.S. would be on commercial policy. The Randall Report had recommended that the organizational side of G.A.T.T. should be renegotiated and submitted to Congress which was one reason why the U.S. wanted an early review session. Canadian officials were wondering, however, whether it would be wise to proceed with the review in November in the absence of any positive indication of what sort of commercial policy might receive the approval of Congress. There were some risks in going into the session at a time when the U.S. would have nothing new or positive to offer in exchange for what it might wish to withdraw. *Mr. Isbister* pointed out that as the schedules were only bound until June 1955, something would have to be done before then. If any delay was desirable it should not be a long delay.

Sir Frank Lee said that while the U.K. might consider a postponement of the review session, it would not wish to alter the date of the preparatory Commonwealth talks.

Sir Leslie Rowan observed that the Canadian views on timing were based upon an assessment of the net negotiating position of the U.S. He wondered whether this position would be any stronger by March 1955.

Mr. Isbister replied that it was already fairly clear what the position of the U.S. Administration would be in November. Although no one could say what their position would be in March, there was, at any rate, the possibility that it might be better.

He went on to say that feelings of urgency in the U.S. about the review session were mainly concerned not with the substance of G.A.T.T., but with the constitutional question of putting the administrative provisions to Congress. Some U.S. officials were not sure that the administrative provisions could be separated from the substantive provisions. If so, this would mean that the review would have to be done in one piece. It appeared that opinion in Washington on the timing of the review session might still be a little fluid.

Sir Frank Lee agreed that there might be some difficulties in the idea of trying to separate the administrative from the other provisions in G.A.T.T.

Mr. Plumptre pointed out that one main reason why Canadian officials had come to favour postponement was that the U.S. had said clearly that they did not want to review the whole of G.A.T.T., starting in November. This would mean attempting to deal with it in two parts which was undesirable.

Mr. Cohen wondered whether the U.S. could not have its aims decided by January. There was a danger that if the review was postponed momentum would be lost. Moreover, the review would have to deal with changes needed for the collective approach. It might not be desirable to delay consideration of these changes too long.

Mr. Isbister said that it was not known yet what sort of tariff negotiations would have to take place before June 1955. Some countries might want certain items renegotiated. The U.S. is evidently hoping to be in a position to negotiate with Japan and to make tariff concessions to countries which are willing to negotiate with Japan. If the process was well under way before June it ought to be easy to get the schedules rebound until the conclusion of the negotiations. Because the U.S. may not be in any different position on commercial policy by January than it is now, any postponement should probably be until about March, 1955, if there is to be postponement of the review session.

Mr. Isbister added that it was realized that the consideration of the trade rules in G.A.T.T. had been related by the U.K. to the transitional rules of trade for a convertibility operation. He asked what kind of organizational forum the U.K. would want for the discussion of the transitional trade rules.

Sir Leslie Rowan replied that the U.K. had contemplated the I.M.F.-G.A.T.T. Advisory Group, not for the purpose of drawing up rules, but as an organization in which to discuss broad developments and possible remedies. It might also discuss

the application of rules, but whether it should was less certain. Some of the European countries at the recent meeting had suggested an extended O.E.E.C. for this purpose, but this raised the difficulty of appropriate representation for non-member countries. If an I.M.F.-G.A.T.T. body was given appropriate powers by its parent organizations, there should be no conflict of jurisdiction. In the transitional period countries would be moving towards broader trade rules, and at the same time would be keeping the code of liberalization in being and gradually bringing their other liberalization up to that level. This could be supervised partly by G.A.T.T. and partly by O.E.E.C.

Sir Frank Lee agreed that the G.A.T.T. review would be the appropriate time to have the trade rules that would be required in the conditions of the collective approach worked out, but he was not certain that this was an argument for an early date for the review. It might even be an argument for making it later.

Mr. Rasminsky pointed out that until recently the U.K. had wanted to have some experience of convertibility before adopting long term trade rules. It now appeared, however, that they could be worked out in the review session if this began in November. If, however, it was postponed until March he asked whether the long-term rules should be worked out in some other forum in order to avoid any postponement of the whole operation.

Sir Leslie Rowan agreed that the U.K. now thought it possible and desirable to work out long term trade rules in advance. It was possible that Ministers might look to the G.A.T.T. review for an indication of U.S. policies. If so, a postponement of the review would delay that opportunity of judging the U.S. position unless some other developments in the meantime gave an indication of U.S. intentions which he thought on the whole was unlikely.

Sir Frank Lee said that there was a real dilemma here. We ought to work out both "possible" and "desirable" proposals. On the one hand there was the need to keep up the momentum, and on the other the difficulty that could arise if the G.A.T.T. review were started at the time when the U.S. position was insufficiently clear. If a "State of the Union" message had been issued, it might be that the latter part of January would be the best time for the review session.

Mr. Rasminsky added that while the U.S. attitude on such things as the balance of payments escape clause was a strong one, their difficulty was that they could exert less influence if they had no tariff concessions to offer.

Mr. Cohen suggested that the question of reviewing G.A.T.T. itself might almost be easier and lead to better results if there was no tariff bargaining, particularly with Japan. It should not be assumed that the Long Term Rules for Trade would differ radically from the existing Rules. There would have to be some modifications of G.A.T.T. and arrangements for the termination of certain transitional provisions. He suggested that this was an argument for having a fairly early review of the G.A.T.T.

Sir Frank Lee summed up by saying that there appeared to be no great difference of view between the two sides on this question. It was clear that a number of considerations would have to be balanced, and it would be advisable to feel our way in Washington where the situation might become clearer in a month or so.

Mr. Isbister agreed generally, and stressed the fact that one thing the Canadian officials were afraid of was a set of negotiations which might lead to a new instrument which would go to Governments *ad referendum* during a period in which the present G.A.T.T. might become ineffective.

Sir Leslie Rowan concluding the discussion on the subject said that he wished to stress again that, from the U.K. point of view, there was no "timetable" for Convertibility.

Messrs. Cohen and Sanders left the meeting.

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223. DEA/9100-AO-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1168 Ottawa, July 6, 1954

CONFIDENTIAL

REVIEW OF THE GATT AND TARIFF NEGOTIATIONS WITH JAPAN

Thibodeaux of the U.S. Embassy came to see us on July 2 on instructions from the State Department about the two above referenced matters.

Review of the GATT — Thibodeaux reiterated the U.S. desire that the Review should be held this fall. He pointed out that since the discussions on this subject in Ottawa on May 26 and 27 the United States Administration had pressed forward with the one-year extension of the Trade Agreements Act without strings and it would likely soon be law. The climate at the Review Session therefore should not be such as to make impossible a reasonably successful Review.

We indicated that in the light of the fact that countries contemplating convertibility wished to reach agreement this fall on the long term trading rules (which was apparent from the document which the United Kingdom had submitted to OEEC and from our recent discussions at the Canada-U.K. Continuing Committee), and in view of the progress in obtaining a one-year extension of the Trade Agreements Act with a green light for tariff negotiations with Japan, we would probably be prepared to agree that the Review should be gone ahead with this fall. However that was not to say that some of the difficulties in holding the Review in the absence of firmer indications of what United States trade policy might be in the near future would now be absent. It was still not clear how the countries which were not contemplating convertibility for themselves in the near future could be convinced that there was something for them in a revision of the GATT at this stage. The success of the negotiations would depend in large part on careful preparation and presentation by the United States. Thibodeaux did not dissent from this observation and I think that our conversations on May 26 and 27 have impressed on the State Depart-

ment that the United States will have to present its proposals in a very careful manner and might be well advised not to force those issues on which their bargaining position is particularly weak.

Tariff Negotiations with Japan

The United States want the Intersessional Committee to schedule multilateral tariff negotiations for the purpose of Japan's full accession to GATT. Such negotiations would commence about February 1, 1955 and would have to be concluded of course at least thirty days before the expiration of the one-year renewal of the U.S. Trade Agreements Act. Thibodeaux indicated that present tentative thinking in the United States contemplates these negotiations including (a) bilateral negotiations between Contracting Parties and Japan, and (b) additional negotiations among the Contracting Parties on those items in which Japan was not the principal supplier but had an interest and was anxious to obtain some concession.

The usual domestic trade agreement procedures in the United States will be observed. The proposed list of commodities should be published by September 1, 1954.

We said that, as had been pointed out at the May 26 and 27 discussions, there appeared to be little scope for bilateral negotiations between Canada and Japan. However, if the Japanese wished to submit to us informally a list of proposed items for direct negotiation with Canada we would be glad to examine it. If we did enter into these GATT negotiations it seemed that the useful opportunities (if any) for us would more likely arise in negotiations with third countries, in particular the United States. We were not ruling out the possibility of Canada entering into the negotiations for Japan's accession — participation of course would require a government decision — and we pointed out that we were already on record as being prepared to look for a suitable basis for Japan's accession to the General Agreement.

224. DEA/9100-AO-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord
et de l'OECE

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council and
to OEEC

TELEGRAM 488 Ottawa, July 21, 1954

CONFIDENTIAL

MEETING OF GATT INTERSESSIONAL COMMITTEE

For Mr. Wilgress.

Our representatives to the meeting commencing on July 26th will be Reisman and Barrow. We have had indepartmental consideration of the agenda for the meet-

ing and the following outlines our views on the more important questions which will arise:

1. *Review of the Agreement.* As you know we think the Review should now go forward this fall. The proposal in Document IC/W/26 that the Ninth Session should commence on October 28th and that the Review should be discussed in plenary meetings commencing on November 8 appears satisfactory to us. However, we would be prepared to discuss alternative dates if a majority of the Contracting Parties had other dates to propose.

2. *Agenda for the Ninth Session.* The draft Agenda circulated under IC/W/25 appears adequate to us but we may wish to discuss with other delegations the inclusion of the recent French Compensation Tax on imports. We also note that the taxe de transmission which was discussed at the Eighth Session, and which the French have since increased, has not been included.

3. *Accession of Japan.* Our record with respect to Japan's application to negotiate with a view to accession has shown our sympathetic attitude and we will be prepared to support efforts to make arrangements for tariff negotiations early next year directed to Japan's accession. The question of our participation in such negotiations if they are held has not yet been submitted to Cabinet but we are prepared to indicate at the Intersessional Committee that officials would be willing to recommend to the Government that Canada join in any such negotiations if satisfactory arrangements for general negotiations can be made. For your own information, preliminary studies by Finance and Trade and Commerce on the possible scope for negotiations indicate that there is limited scope for direct negotiation with Japan but possibly more latitude with respect to negotiations with the United States on items of interest to Japan.

4. *Article XVIII.* As indicated in our discussions at the Commonwealth Economic Conference, we recognise that there is a case for differentiating between "underdeveloped" countries (if they can be defined) and the more developed countries for the purpose of determining rights and obligations with respect to quantitative restrictions. The same reasoning would seem to apply to tariffs insofar as they are a substitute for q.r's. We appreciate that this differentiation is necessary in order to avoid watering down the commitments of the more developed countries. With respect to the proposal set forth by Wyndham White, officials in Ottawa feel that it does not contain adequate safeguards against abuse for protectionist purposes. We would not be able at the Intersessional meeting to take a firm position on a definitive draft. However we will be prepared to indicate a willingness to consider proposals for dealing with the special problems of under-developed countries and to participate in informal discussions at the time of the Intersessional Committee to this end. In this connection we attach great importance to the problem of defining the category of under-developed countries in order to limit its application.

5. *Substantive Questions arising at the Review Session.* To the extent that the views expressed in our telegram to you No. 470 of July 15[61] are relevant to any

[61] Non retrouvé./Not located.

formal or informal discussions during the Intersessional meeting, they will serve as guidance for our representatives in any such discussions.

225. DEA/9100-AO-40

Le délégué permanent auprès de l'Office européen des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Delegate to European Office of United Nations to Secretary of State for External Affairs

TELEGRAM 123 Geneva, July 27, 1954

CONFIDENTIAL. IMPORTANT.

Following from Canadian delegation to GATT, Intersessional Meeting.

1. At the first meeting of the Intersessional Committee, United States, New Zealand and Cuba gave notice that they would seek authority to re-negotiate certain bounded items under the "exceptional circumstances" provisions relating to Article 28. If the Committee's consent is obtained these countries will enter into negotiations with substantially interested contracting parties before the Ninth Session.

2. Items involved are:

(a) *United States* tariff paragraph 15 30(e) — boots, shoes the uppers of which are composed wholly or in chief value of wool, cotton, etc., with sole composed wholly or in chief value of leather — 20 percent. A bill has been passed by Congress which affects the binding of this item. Congress has given the Administration 180 days from July 8th within which to renegotiate. This item was negotiated with Czechoslovakia. Under provisions of HR 6465 if wearing surfaces of outer sole consists of rubber or a rubber substitute then sole will be deemed to be wholly or in chief value of rubber. This will prevent classification of such footwear at a lower rate of duty by inserting a piece of leather between sole and upper and thus making sole in chief value of leather.

(b) *New Zealand* tariff items 195 — children's boots and shoes and 196(2) — slippers, NEI. The most favoured nation rates are bounded to Czechoslovakia. There is no, repeat no, British preferential rate on children's boots and shoes. In the case of slippers a preferential rate of 30 percent is bounded to Canada under GATT. Preferential rates of 25 percent and 35 percent are bounded to United Kingdom and Australia respectively.

(c) *Cuba* part 2 (ii) schedule 9 tariff item 36 (b) — wrought iron or steel rolled: in bars of all shapes including rods, rims, hoops. Binding to United States. The most favoured nation rate is not, repeat not, bounded. In view of this, Canada has no, repeat no, legal grounds on which to object to an increase of most favoured nation rates. The preferential rate is extended only to the United States.

3. Please inform us of Canadian interest in these items. No doubt you will notify us to be guided in considering these requests by the general instructions which were forwarded to the Canadian representative in connection with the Indian

request under Article 28. When further details are made available concerning these requests we shall forward any relevant information to you.

4. The draft agenda for the Ninth Session was reviewed and adopted with certain additions. At the request of Italy an item pertaining to France's new compensation charge was placed on the agenda. It was agreed to have an informal exchange of views concerning the review session on both procedural and substantive problems. A similar meeting will be held to assess, informally and unofficially, the views regarding status of schedules after June 30th, 1955. The purpose of these informal exchanges is to give some indication to the governments of what issues are likely to arise with respect to both review and tariff schedules in order to facilitate their preparatory work over the next few months.

5. The Intersessional Meeting is being taken most seriously and a number of the more important trading countries have sent large and high level delegations. It is expected that meetings will carry through until at least the early part of next week.[62]

226. DEA/50330-40

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

Ambassadeur in United States
to Secretary of State for External Affairs

TELEGRAM WA-1616 Washington, September 16, 1954

SECRET. IMPORTANT.

MEETING OF COMMONWEALTH FINANCE MINISTERS, WASHINGTON, 1954

We have received from Denis Rickett, Economic Minister in the British Embassy here, an invitation for Canadian officials to attend a Commonwealth meeting at 11:30 a.m. on Wednesday, the 22nd of September, in the British Embassy. The purpose of the meeting would be to discuss the three papers which, we understand, you have already received from Whitehall — one on the GATT review, another on the junctions of the International Monetary Fund and the GATT, respectively, after a decisive move towards full convertibility has taken place, and a third on Articles VIII and XIV of the Fund Articles of Agreement. In addition, the United Kingdom representatives would like to discuss still a fourth paper which you have not yet received and which will be described below. We can appreciate that the date suggested for the meeting may not be very convenient from the Canadian point of view since, under present arrangements, some of our key officials would not have arrived by that time. Rickett, however, explained that Sir Leslie Rowan and the other officials coming from London were anxious, if at all possible,

[62] Des rapports ultérieurs de la délégation canadienne portent sur les détails techniques ayant trait à l'article 28 des négociations et n'apparaissent pas ici.
Subsequent reports from the Canadian delegation cover the technical details associated with Article 28 negotiations and are not reproduced here.

that the meeting should be held on Wednesday morning, since that afternoon the British enter discussions with United States authorities, which will continue until the opening of the Bank and Fund meetings; and they would like to know beforehand the reactions of the Commonwealth countries to their papers.

2. The fourth paper which United Kingdom officials would like to discuss deals with international organizations. Unfortunately, it will not be ready for circulation until immediately before the proposed meeting of officials. We learned from Rickett yesterday that it contains a new United Kingdom organizational proposal and, after considerable prodding, we managed to obtain from him some of its details. We gather that it calls for establishment by the Fund of a Council of Governors which would have functions not very different from those proposed for the Joint GATT-IMF Committee. The new council would be charged with keeping world trade and payments problems under review. In particular, the council would be responsible for considering the problems arising under Article VII of the Fund Articles of Agreement, insofar as this article might be used, as the United Kingdom has proposed, to deal with a "general scarcity" of any currency rather than with a "technical scarcity" in the Fund. The Council of Governors would also be asked to keep watch over the operation of the escape-clauses in the Fund Articles of Agreement, and in GATT, to see that they were not militating seriously against achievement of the agreed objectives.

3. Under the new United Kingdom plan, the Council of Governors would have perhaps ten members, some of whom might be permanent and others selected on a rotational basis. The managing Director of the Fund would also be a member *ex officio* and GATT would be represented as well. It is also hoped that the contracting parties to GATT might agree to supply the council with trade information and other assistance.

4. The proposed council would meet three or four times a year and more often, if necessary. Normally, the Governors would be represented by alternates, who should be senior officials in their own capitals. They should be seconded, in the view of United Kingdom authorities, by senior trade officials. If this plan were accepted, the United Kingdom, for example, would expect normally to be represented at the meetings by Sir Leslie Rowan and Sir Frank Lee.

5. As you will see, this proposal goes a long way towards meeting the view of the United States Treasury that responsibility for supervising the new regime of international trade and payments should be vested in the Fund. One of its features, however, may lead to United States opposition. Under the United Kingdom proposal it is not contemplated that the system of weighted voting would be carried over into the new Council of Governors, where it is hoped that unanimous decisions might be reached without a vote. Decisions reached by the Council of Governors would be binding on the Fund, provided they were taken within the Council's field of competence. They would not, of course, be binding of the contracting parties to GATT; but the United Kingdom authorities would hope that recommendations by the new body would carry great weight in that forum, particularly if senior trade officials has assisted in their formulation.

6. You may of course have heard of this proposal from Lee. But, if not, this preliminary information may put you in a position to offer some comment when it is presented to you next week.

7. We should be grateful to learn as quickly as possible what reply we should give to the invitation transmitted through the British Embassy. In the light of the timing of the proposed meeting, which it seems virtually impossible to change, we should also like to know who the Canadian representatives are likely to be.

227. DEA/9100-AO-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1671 Washington, September 23, 1954

SECRET. IMPORTANT.

Reference: Your telegram EX-1695 of September 17.†

MEETING OF COMMONWEALTH OFFICIALS, WASHINGTON, 1954

The meeting of Commonwealth officials yesterday morning, as we expected, turned out to be short, ragged and tentative.

2. Discussion was focussed by Sir Leslie Rowan on the United Kingdom paper concerning the respective roles of the Fund and the GATT in supervising restrictions. There was no discussion of the paper on the GATT review; and the other two papers on Articles VIII and XIV of the Fund agreement and on international organization were considered only very briefly. Our immediately following telegram† contains the text of the new United Kingdom paper on international organizations that was circulated at the meeting.

3. After Rowan had made a brief exposition of the United Kingdom's idea of how responsibility should be divided between the Fund and the GATT for supervising import restrictions imposed for balance of payments reasons and had explained the United Kingdom proposals concerning weighted voting in the Fund, Rasminsky offered some informal comments. He acknowledged that the United Kingdom's revised proposals marked some progress in accommodating divergent viewpoints. Following Rowan's example, but making it explicit, he set aside for the time being the question of prior approval of import restrictions; and after outlining the division of responsibility contemplated in the United Kingdom paper in order to make sure that there was no misunderstanding, he obtained from Rowan one clarification of some importance. It was confirmed that if the Fund made a determination that the totality of the import restrictions imposed by a country in balance of payments difficulties were not justified and if, nevertheless, the country in question still persisted in the error of its ways, it would then be for the GATT to take formal action. When this step had been taken, the offending country would be in default of its

obligations under GATT rather than in default of its obligations under the Fund articles of agreement. The reason for this proposed procedure, Rowan confirmed, was to protect the eligibility of the defaulting country to use the Fund's resources.

4. Then turning to the question of weighted voting in the Fund, Rasminsky said that he sympathized with much of the reasoning that underlay the United Kingdom's proposals. The less use that was made in the Fund of the system of weighted voting, the more effective the organization would probably be. Indeed, it could be argued that it had been a mistake to adopt the system of weighted voting at Bretton Woods. But the fact remained that these provisions had been written into the articles of agreement and had been widely stressed when Congress was asked to ratify the agreement. While the United States administration might give a general indication that it would seek to avoid using its weighted voting power to impose its views on a large and respectable minority, it could not give any formal undertaking to forego the exercise of this prerogative without either seeking congressional approval of the amendment to the articles of agreement or at least obtaining the consent of congressional leaders. Either form of approval would be almost impossible to obtain; and, in any case, the administration could hardly be expected to seek it at a time when the Fund was being asked to extend a large stand-by credit (the bulk of which would no doubt be drawn in United States dollars) to support the convertibility of sterling.

5. Representatives of the under-developed countries showed considerable nervousness about vesting larger powers in the Fund than it enjoys at present. Prasad of India seemed to think that some *quid pro quo* should be received for what he regarded as the concession to United States opinion involved in widening the Fund's authority over import restrictions. In addition to the weighted voting in the Fund, there was also, he said the difficulty created by its "weighted staff". Judgments by the Fund, in his opinion, had been sometimes too lenient and sometimes too severe. He also was apprehensive over the possibility that, under the United Kingdom's proposals, the Fund would be given larger authority to supervise quantitative restrictions imposed to conserve exchange resources needed for economic development. This worry was also shared by the representative of Southern Rhodesia. Rowan and Rasminsky seemed to be successful in lulling these latter fears and in convincing representatives of the under-developed countries that supervision of the quantitative restrictions to be permitted to under-developed countries would remain the responsibility of GATT, where each of the contracting parties had an equal voice. Rowan noted, however, that the United Kingdom proposals probably needed to be clarified a little in order to put this point beyond doubt.

6. In advance of the meeting we had learned that the Australians had submitted a very stiff memorandum commenting on the United Kingdom's papers. This report was borne out by what Dr. Roland Wilson, the Australian Secretary of Finance, had to say yesterday morning. Without descending to details he said that the direction taken in the papers was very distasteful to Australia. The balance of payments was the most significant economic fact in Australia and Australian ministers were determined that ultimate control over Australia's external balance should remain in their own hands. For this reason they were reluctant to give any international body firm authority over import restrictions. There had been a revival of uneasiness

within the Australian Government about the present provisions of the general agreement; and he was afraid that other contracting parties would find that the Australian representatives would take a difficult and critical line in the course of the GATT review. Even greater apprehensions were felt in Australia about the Fund, which was dominated excessively by United States influence. Australia would therefore consider it a retrograde step to entrust the Fund with increased authority over import restrictions, since this might be expected to leave Australian ministers with less latitude to impose quotas than they had at present. One of the troubles was that, although special provision was contemplated for under-developed countries and although the rules and procedures that had been proposed might be satisfactory to highly developed countries, too little attention had been devoted to the problems of a country like Australia, which could be called neither developed nor under-developed. The existing charters (i.e. the Fund articles of agreement and the GATT) were by no means entirely satisfactory from Australia's point of view. But he thought they might continue to be regarded as reasonably tolerable by Australian opinion. It would therefore be preferable to operate within them rather than to attempt any radical revision of their rules or of the relationship between them, since such an attempt would inevitably revive in an acute form all the old doubts and fears that were latent in Australia.

7. Discussion of the paper of Article VIII and Article XIV was sharply curtailed by the shortness of the time available. Wilson said that he thought the Australian Government would have a slightly more open mind on this question than on the proposal to increase the authority of the Fund; and he conceded that it would be difficult for other sterling area countries to oppose a move from Article XIV to Article VIII if the United Kingdom decided to take it. It was obvious however, that the whole question needed more extended discussion. Kamat of India noted that, if the transitional period were to be brought to an end, the question of timing would be very important. Agreeing, Rasminsky said that the decision on the timing of a move from Article XIV to Article VIII was one which the United Kingdom herself would have to take and that some of the considerations which the United Kingdom would no doubt have in mind were

(a) that the Fund might expect currencies which had been strengthened by the extension of stand-by credits and which had in fact become convertible to come under Article VIII; and

(b) that international confidence in sterling might be weakened if, after current non-resident sterling had been made convertible, the United Kingdom still insisted on retaining the protection afforded by Article XIV.

He also made a blanket reservation regarding the proposal that, even after the transitional period had come to an end, the United Kingdom should be permitted to discriminate in favour of the sterling area in any exchange restrictions that it might have to impose. The proposal to eliminate the necessity of prior approval under Article VIII would also, of course, require further examination.

8. The attacks made by the Australian and Indian representatives on the Fund seemed so extreme and untimely that Rasminsky at length felt obliged to speak up in its defence. No doubt the operations of the Fund, he said, had been less satisfac-

tory and successful than had been hoped. But one important reason for the Fund's shortcomings had been that it had been designed for a world into which many of its members — in some cases for reasons beyond their control — had been unable to enter. That situation had set up inevitable stresses within the organization. But it might be hoped that, once major currencies became convertible, the Fund could pursue its objectives with a greater chance of success. In any case, an obligation had rested on members of the Fund's staff to see that the principles embodied in the articles of agreement were not slighted. After the meeting Rowan commented to us privately that he had been disturbed by the attacks made on the Fund's operations and was grateful that a few sentences had been said in its defence.

9. It was agreed that a further meeting should be held if possible within the next few days. Subsequently, a meeting was arranged for this afternoon; but it has had to be cancelled and it is not yet known when it will be possible to continue yesterday morning's discussions.

228. PCO

Note du ministre du Commerce et du ministre des Finances pour le Cabinet

Memorandum from Minister of Trade and Commerce and Minister of Finance to Cabinet

CABINET DOCUMENT NO. 211-54 [Ottawa], September 24, 1954

THE NINTH SESSION OF THE CONTRACTING PARTIES TO GATT; INSTRUCTIONS TO THE CANADIAN DELEGATION[63]

1. *General Approach*

The Contracting Parties to the General Agreement on Tariffs and Trade will review the Agreement at their Ninth Session which commences at Geneva on October 28. A preparatory meeting of delegates from Commonwealth countries is due to start in London on October 5.

During the seven years of its existence, tariffs have been reduced under this Agreement, world trade has been facilitated by it in many ways, and governments have been influenced to pursue more liberal commercial policies than would otherwise have been the case. The Canadian delegation should participate in the review of GATT and should attempt to strengthen the agreement, limit deviation from its basic principles and thereby support the promotion of trade.

2. *The Organizational Provisions*

[63] Le présent document et le document suivant ont été approuvés par le Cabinet le 30 septembre 1954. La délégation était dirigée par C.D. Howe, en sa qualité de ministre responsable et par Dana Wilgress, en qualité de président. Les autres principaux membres étaient A.F.W. Plumptre, L.E. Couillard, B.G. Barrow, A. Annis et M. Schwarzmann.
This and the following document were approved by Cabinet on September 30, 1954. The delegation was led by C.D. Howe as the "minister in charge" and Dana Wilgress as chairman. It also included A.F.W. Plumptre, L.E. Couillard, B.G. Barrow, A. Annis and M. Schwarzmann.

The United States Government has already outlined its provisional ideas as to the largely formal changes it may wish to seek in the organizational provisions of the GATT. These suggestions are designed to enable them to get Congressional approval for their participation in the GATT. While Canadian support of these proposals can only be tentative at this stage, it would seem to be in our general interest that the Canadian Delegation should sympathetically and constructively examine United States proposals on this subject, provided these do not involve material weakening of the Agreement nor a dilution of its essential objectives.

3. *Provisions Applicable to Countries in Balance of Payments Difficulties*

The GATT contains a general prohibition of quantitative restrictions but goes on to recognize the right of countries in balance of payments difficulties to impose such restrictions and to recognize certain circumstances in which the restrictions may be discriminatory in form. The United Kingdom now proposes a general tightening and redefinition of these balance of payments escape clauses to take effect after an agreed interval, perhaps a year, following a major move towards convertibility. If the major currencies are made convertible in the near future, it would not be unreasonable to provide for a transitional period of a year for countries to bring their policies into accordance with the new trade rules. It is to our advantage to seek to confine the use of quantitative restrictions which have limited our trade and the benefits of past tariff concessions in many countries overseas. It will undoubtedly be necessary to continue to recognize that countries in balance of payments difficulties may have recourse to quantitative restrictions, but the Delegation should insist that they be non-discriminatory in character, and should seek more satisfactory agreements with regard to the circumstances in which they may be imposed, the length of time for which they may remain in existence and the role of the Contracting Parties and the International Monetary Fund in effectively supervising them.

4. *Discriminatory Restrictions Against a Persistent Creditor*

The United Kingdom apparently will propose that discriminatory import restrictions may be applied only in one instance of importance, namely where a country's currency is recognized by the International Monetary Fund as being scarce because of the country's persistent creditor position. When the major move to convertibility that is now contemplated has been made, there will no longer be any economic justification for discrimination. However, the GATT and Fund Agreements now contain a scarce currency provision and there is little likelihood of its deletion. While, therefore, the Canadian Delegation could raise questions as to the desirability of a persistent creditor clause, its main efforts should be to seek reasonable safeguards to limit the use and application of any such clause. In particular, it should make sure that any right to discriminate should be restricted to the trade of a country which is a persistent creditor and whose currency has been declared scarce.

5. *Transitional Period*

It will be proposed that a transitional period be provided following the convertibility operation to permit countries to adjust their existing import restrictions to the

new rules. The Canadian Delegation should attempt to make this transitional period as short as practicable.

6. *Use of Quantitative Import Restrictions for Protective Purposes*

Since many of the quantitative restrictions which have been imposed for financial reasons have also come to serve a protectionist purpose in the countries concerned, some countries may wish to retain certain of their quantitative restrictions even though there is no longer a balance of payments justification for them. It may be proposed that a further period of time be permitted, extending the transitional period, in cases in which there is a protectionist core of quantitative restrictions in existence. The General Agreement on Tariffs and Trade does not permit the imposition of quantitative restrictions for protectionist purposes, and the Canadian Delegation should not accept any proposals that countries with quantitative restrictions now in existence would have the right to continue them explicitly for such purposes. If it is unavoidable that some recognition be given to this problem, then the Canadian Delegation might explore the possibility of a compromise which would avoid unilateral rights, which would limit such measures to a short period and minimize their discriminatory character, which would provide cover only for a small number of specified industries, accompanied by an agreed program for dismantling these restrictions under close scrutiny by the Contracting Parties.

7. *Import Restrictions in Agriculture and Fisheries*

Recognizing the special character of the problems in these fields, the GATT now contains carefully limited provisions for the imposition of import restrictions on agricultural and fisheries products. In any discussion of this problem, the initial position of the Canadian Delegation should be to avoid widening the scope which is now given for import restrictions in these fields. It is likely, however, that the United States will have proposals to make in this field which have not yet been put forward. The Canadian Delegation should critically examine any alternatives to the existing provisions of GATT, should attempt to ensure through whatever general rules are agreed upon that Canadian products will have access to the United States and other markets on a fair and equitable basis, and should seek instruction before agreeing to any proposals in this field.

8. *Export Subsidies*

The GATT does not at present contain any effective restrictions on the rights of countries to make use of export subsidies. Recognizing that it would be in our interest to control more effectively the use of export subsidies, the Canadian Delegation should attempt to ensure that export subsidies should not be such as to harm the normal trade of other Contracting Parties.

9. *Customs Valuation*

The Canadian Delegation should seek to avoid any weakening of the present provisions relating to customs valuation. To clarify a point which has proved troublesome, the Canadian Delegation should also seek the concurrence of the Contracting Parties that, in valuing goods, it is not necessary to exempt taxes which are not levied directly on goods.

10. *Special Treatment for Under-Developed Countries*

The GATT now makes provision for under-developed countries to resort to special protective measures to assist in their programmes of economic development. The problem of under-developed countries will again be raised at the GATT review, and proposals will be made to give these countries greater freedom of action on trade policy than they now have. While the Delegation should keep in mind the desire of the Government to safeguard the basic principles of the GATT, they should also give sympathetic consideration to the special position of under-developed countries. Moreover, they should recognize that it may be possible to obtain tighter trade rules for the major trading countries if reasonable proposals are accepted, giving somewhat greater freedom to under-developed countries.

C.D. HOWE

I concur.

W.E. HARRIS

229. PCO

Note du ministre des Finances et du ministre du Commerce pour le Cabinet

Memorandum from Minister of Finance and Minister of Trade and Commerce to Cabinet

CABINET DOCUMENT NO. 212-54 [Ottawa], September 24, 1954

CONFIDENTIAL

TARIFF POLICY — BINDING OF TARIFF RATES BEYOND JUNE, 1955

1. At the Ninth Session of the Contracting Parties to the General Agreement on Tariffs and Trade (GATT), which begins in Geneva on October 28, one of the first items of business will be the "Status of the Tariff Schedules". The question will be: What action should be taken regarding all the many tariff rates which, as a result of negotiations at Geneva (1947), Annecy (1949) and Torquay (1950), and the temporary prolongation of last year, are "bound" until — but only until — June 30, 1955?

2. If these rates became "unbound", they would not automatically go back to where they were before the negotiations; on the contrary, they would remain at their present reduced levels. But after June 30, 1955, countries would have certain rights, under the GATT, to raise tariffs — unilateral rights which they have agreed to forego until that time. The procedure that is laid down in the Agreement for exercising these rights is described below:

3. The bound tariff schedules, together with the "fair trading" provisions of the Agreement itself which protect them from impairment and from circumvention, embody the commercial policy of the Canadian Government: the policy of reducing barriers and broadening trade on a multilateral and non-discriminatory basis. In addition to the general economic reasons which have in past years led Canada to advocate and to practise this policy, there are special reasons at present:

The United Kingdom, in leading the "collective approach to freer trade and payments", has removed a large number of quantitative restrictions, including many such restrictions that discriminate against dollar imports, and is urging complete abolition of all such restrictions subject only to rigorous "escape clauses";

Most of the leading Continental countries show signs of following the lead of the United Kingdom;

The United States, which since the war made great strides toward liberalized trade policies, has faltered slightly under the present Administration, and the forces for and against further progress are somewhat precariously balanced.

Under such circumstances as these it would seem particularly desirable for Canada to continue its established policies. Accordingly, our Delegation to Geneva should seek a re-binding of tariff schedules on the broadest base acceptable to the Contracting Parties, and, if possible (as in former occasions), for a three-year period.

4. It is clear, particularly from preliminary GATT discussions last month, that there is no likelihood that the Contracting Parties, or even a majority of them, would agree to complete unqualified re-binding of all the present schedules. Many countries have serious difficulties with particular tariff rates, and some countries, by now accustomed to the protection of quantitative restrictions, may find it quite impossible to remove these restrictions without some upward adjustment of tariffs. Hence, the question is not whether there is to be some relief from the full rigor of tariff re-bindings, but what form such relief will take and how far it will go.

5. Most delegations at the discussions last month seemed to envisage a fairly general resort to their unilateral rights to raise tariffs. Under the agreed procedure, as embodied in the GATT, countries will be free to withdraw tariff concessions after June, 1955; they may offer what they consider satisfactory concessions in return, and the countries directly affected may, if not satisfied, withdraw other concessions in their turn. It may readily be seen that, if a round of tariff "renegotiations" were held under this procedure, much of the fabric of tariff concessions, laboriously built up at Geneva, Annecy and Torquay, might be quickly torn down.

6. Such negotiations would be entirely different from previous GATT negotiations (Geneva, Annecy and Torquay). On those occasions, led by the United States which offered the biggest market, there was a general reduction of tariffs which far more than counterbalanced the few and minor tariff increases that occurred. However, the U.S. is now unable to offer any substantial leadership and will be unable to do so until the Congress gives new powers to the Administration. This year's one-year extension of the Reciprocal Trade Agreement Act does indeed provide sufficient powers for a round of negotiations with Japan, but the present intentions of the Administration seem to be to use those powers very sparingly. When the intentions of the United States, the United Kingdom and others regarding tariff negotiations with Japan have become clearer, a memorandum regarding those negotiations will be submitted to Cabinet. Thus, any general round of negotiations that took place during the coming winter or spring would inevitably lead to higher, and not lower, trade barriers.

7. Accordingly, it would seem desirable for the Canadian Delegation to seek to minimize the dangers in the present situation. One method of pursuing this objec-

tive might be as follows: As many countries as possible, and particularly the United States, the United Kingdom and others with major trading interests, should be persuaded not to exercise their rights to increase tariffs after June 30, 1955; instead, and in so far as relief from present bindings was absolutely necessary, such relief might be sought piecemeal, from time to time as required. For this purpose it would probably be sufficient to embody permanently in the GATT something along the lines of a special escape arrangement agreed upon a year ago when the tariff bindings were last extended. Under this arrangement, the country in need of relief has to establish, with the other members of GATT, a general case for special consideration before the process of renegotiation can begin; it thus carries no unilateral rights. This escape (together with the existing escape clause allowing relief for an industry suffering "serious injury") would provide a continuing element of flexibility to deal, if necessary, with exceptional cases after tariffs had been rebound for a further period beyond June, 1955.

8. In conclusion, it is recommended that the Canadian Delegation should:

(a) seek to achieve a general re-binding of tariff schedules for a further three years on the broadest base acceptable to the Contracting Parties;

(b) seek to avoid any general tearing down of the existing structure of tariff concessions, such as might be involved in a general round of tariff negotiations; and,

(c) seek further instructions before accepting any positions materially at variance with (a) or (b).

W.E. HARRIS

I concur.

C.D. HOWE

230. DEA/9100-AO-40

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

Ambassador in United States
to Secretary of State for External Affairs

DESPATCH 1697 Washington, September 27, 1954

SECRET

Reference: Our telegram No. WA-1671 of the 23rd of September, 1954.

MEETING OF COMMONWEALTH OFFICIALS, WASHINGTON, 1954

The discussion of the United Kingdom papers continued its rather sluggish and theoretical course at a second meeting on Friday afternoon. India, Pakistan, and Ceylon were unrepresented; and the New Zealand and South African representatives, for the most part, were without instructions. As a result, the meeting was profitable only for the additional light it threw on Australian attitudes, for some

clarification of the United Kingdom's intentions, and for the opportunity it provided of making some Canadian comments.

2. The meeting was opened by Sir Leslie Rowan asking representatives of sterling area countries to express any opinions they might have formed on the United Kingdom proposal that it should move from Article XIV to Article VIII of the Fund Articles of Agreement. Rowan directed attention particularly to the two questions raised in the covering memoranda:

(a) Would other sterling area countries see difficulty in acceptance by the United Kingdom of the obligations of Article VIII after non-resident current sterling had been made convertible?

(b) Would other sterling area countries be themselves disposed to assume the obligations of Article VIII?

3. The representative of South Africa said that his country was in favour of assuming the obligations of Article VIII and would be prepared to move from Article XIV as soon as non-resident current sterling was made convertible. Dr. Roland Wilson, the Australian Secretary of Finance, then made some remarks which showed how much backsliding there has been in Canberra. Addressing himself to the first of the two questions put by Rowan, he expressed concern over the position of some Australian industries in the event that the United Kingdom assumed the obligations of Article VIII. After such a move the United Kingdom would not be able, under the GATT rules, to take advantage of Article XIV of the Fund Agreement to discriminate in favour of imports from Australia. This would certainly cause injury to Australia's trade with the United Kingdom in some comparatively minor, but politically critical, commodities. Production of dried and processed fruits, for example, in Australia had been encouraged by the discriminatory quantitative restrictions that had been operated by the United Kingdom. There was no doubt that much of this production was not competitive. In time its competitive position would improve. But if the United Kingdom were obliged to discontinue its discriminatory import restrictions in such fields, he was afraid that the damage that would be caused in Australia would be considerable and that the consequent political clamour would be very hard to manage. The problem would be aggravated because of Australian worries about subsidized exports of United States agricultural commodities.

4. Perhaps by connivance with Rowan, the representative of Southern Rhodesia at that point remarked that his country would almost certainly face similar problems over its exports of tobacco to the United Kingdom; but, for his part, he thought that these problems would have to be faced as an inevitable consequence of the logic inherent in the Collective Approach. Rowan then added his support to that view and recalled that these issues had been thrashed out as long ago as the fall of 1952. On the second question raised by Rowan, Wilson said that if the United Kingdom moved from Article XIV to Article VIII, Australia would certainly be under some pressure to follow suit. Whether that would be desirable, it would hardly be for him to say since the consequences of Australia making its exchange restrictions non-discriminatory would not fall on Australia's own resources but would rather have

the effect of putting some additional stress on the central dollar reserves of the sterling area.

5. The discussion then turned to an examination of the United Kingdom proposal that, if at some stage after sterling had been made convertible and had come under the provisions of Article VIII it became necessary to reimpose exchange restrictions, the United Kingdom should be permitted to discriminate in favour of sterling area countries. Mr. Rasminsky said that it seemed difficult to the Canadian authorities to see how such a new and far-reaching amendment of Article VIII could be urged on the United States and on the Fund generally at a time when the United Kingdom was hoping to secure a large stand-by credit that would be principally, of course, in United States dollars. Such a proposal would have to be based on one or other of two possible assumptions:

(a) It might be argued that the sterling area should be considered as a unitary monetary area. But such a thesis would have corollaries that would hardly be acceptable to all sterling area countries. In that case the sterling area should have a common quota in the Fund and should speak with one voice

(b) Alternatively, it might be argued that in all circumstances the payments problems of the United Kingdom and the sterling area would best be met if there were no exchange restrictions within the area. At the very least, that proposition did not strike the Canadian authorities as being self-evident.

There then followed some inconclusive sparring about the technical feasibility of operating exchange controls within the sterling area. Fighting down their sense of outrage as best they could, the United Kingdom officials argued that what was in question was a temporary balance of payments problem and that an emergency of short duration should not be allowed to disrupt the complicated banking and trading links that bind the sterling area together. They also explained that, if they were faced with such a situation, they would certainly not be prepared to impose exchange restrictions on transfers to other sterling area countries and, that being so, it hardly seemed honest not to seek an amendment of Article VIII. Shortly, however, Rowan recovered his equanimity and said that he could see the strength of the point that the game might not be worth the candle. It might be enough if in the course of discussions with United States authorities and with the Fund, the United Kingdom were to make its position clear rather than try to negotiate an amendment of Article VIII. Before discussion of this issue was concluded, Rasminsky had also introduced the idea that the same logic that could be used to justify exchange discrimination in favour of sterling area countries could be used to justify trade discrimination. This risk would not be absent from the minds of those who might be asked to agree to an amendment to Article VIII.

6. In general, Rasminsky suggested that just as the United Kingdom would expect the Fund to place some reliance on the good faith of the United Kingdom and not demand too precise guarantees about the dismantling of restrictions and the abolition of discrimination, so the United Kingdom should be prepared to have some confidence in the good faith of the Fund. It might well be that, if in a particular situation the United Kingdom had to reimpose exchange restrictions, it would not be sensible to erect them against sterling area countries. But the United Kingdom,

he thought, would be well advised to trust the good sense of the Fund in such a contingency. In the same vein, he expressed some doubt about the wisdom of seeking an amendment to Article VIII to remove the necessity of prior approval for the imposition of exchange restrictions. His views, he said, were more open on this score. But he suggested that here again the better course might be to trust that the Fund would show good sense and despatch in dealing with any application made to it by the United Kingdom in an emergency.

7. Discussion of the United Kingdom paper on international organizations produced one useful clarification from Rowan. He said that, in his own mind at least, the function of the proposed Council of Governors would be to give advice to governments. Initially, at least, it should not be asked to take decisions that would be binding on the Fund. He hoped that it would gradually come to inspire such confidence that the Fund would invite it to assume greater authority. But it might well begin, he thought, as a body charged only with offering advice. Its recommendations might not always be precisely formulated. They might sometimes even be comparatively fragmentary. But it seemed to him that such a body would fill a useful purpose even if it only served to remove some areas of disagreement between the views of the financial and commercial advisers of the various governments that would be represented on it. Rasminsky commented that, with this clarification, he thought the proposal would be much more likely to command the support of the United States and Canadian authorities.

D.V. LEPAN
for Ambassador

231. DEA/9100-AO-40

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

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

TELEGRAM 1309 London, October 18, 1954

CONFIDENTIAL

COMMONWEALTH TALKS ON G.A.T.T.

The following summary if endorsed by Plumptre and Isbister may be useful for those who cannot read the full minutes.

2. This very full and useful exchange of information owed a great deal to the friendly and capable chairmanship of Sir Frank Lee, as well as to the high calibre of many of the principal delegates. Mr. Jha, for example, was a skilful spokesman for India, Mr. de Waal Meyer of South Africa was forthright and concise, and Mr. Crawford put the Australian case with a kind of stubborn eloquence. The urbane and tactful Mr. Melville of the Colonial Office, sandwiched between Mr. Gomes and Mr. Bustaments and assisted, if that is the word, by a host of Colonial advisers, spoke effectively on behalf of the diverse interests of the several colonies.

General Commercial Policy

3. The opening statements under this head set the tone for much of the subsequent discussion; it drew the lines between those who wanted stricter trade rules and those who thought the G.A.T.T. was already too rigid. Sir Frank Lee stressed the need for tight trade rules for the sake of the collective approach, and Mr. Plumptre followed with an assessment of the achievements of G.A.T.T. and a warning about the danger of giving way at this particular time to the protectionist pressures which were naturally being felt now that post-war shortages had disappeared.

4. Mr. Crawford however replied that the present GATT was incomplete, partial, and overly rigid. It was "incomplete" because so many of the provisions of the draft ITO Charter had been left out, and "partial" because too much designed to suit the interests of advanced industrial nations. Mr. Johnsen of New Zealand followed Mr. Crawford's line of criticism here, and throughout most of the meetings.

5. If Mr. Crawford thought GATT was a rigid instrument, Mr. de Waal Meyer criticised if for being too flexible. It had not yet led to sufficient progress towards free and multilateral trade. He said the South African Government had no sympathy for industries which looked for protection to cover inefficiency, and South Africa had never used quantitative restrictions for protective purposes. He added a plea that countries should liberalize their trade progressively prior to the date of convertibility.

6. The Asian spokesmen were all on the side of flexibility. Mr. Jayasuriya thought the United Kingdom attitude towards the review was too much concerned with the problems of the collective approach; Mr. Sukthanker and Mr. Taffazzal Ali reminded us how vulnerable was the sub-continent to the caprices of nature.

7. Mr. Melville endorsed the aims of the collective approach but reminded the meeting of the problems for colonial products that arose as the United Kingdom proceeded with trade liberalization.

Japan

8. It was clear that few if any Commonwealth countries other than Canada were prepared to endorse Japan's admission without qualification. There was full recognition however that the application of Article XXXV was most undesirable in the general context of Japan's relationship with the rest of the world and with individual Commonwealth countries.

9. The discussion was mainly centred on the United Kingdom proposal whereby Article XXXV would be amended so as to provide that the obligations of existing contracting parties towards a new member acceding to the GATT could be subject to a bilateral agreement between an existing member and the new member. Sir Frank Lee said the United States officials with whom this had been discussed had objected that it would weaken GATT if bilateral agreements were allowed to override GATT. These officials had suggested that it might be better to amend Article XXXV so as to allow members to apply its provisions to Japan at any time instead of at the time of Japan's accession. The United Kingdom delegates, however, thought the United States proposal unsuitable because the safeguard it would provide was wider than would be needed and would therefore be very difficult to use.

10. Australia, South Africa and New Zealand were thinking along the lines of the United Kingdom scheme, although Mr. Crawford thought there was just a chance that Australia might find a solution compatible with the existing GATT as Canada had done. The delegates from India and Pakistan sympathized with the United Kingdom's difficulties, but left open the question whether they would support the United Kingdom proposal.

11. Dr. Isbister expressed some misgivings about the desirability of GATT giving its blessing to bilateral agreements which would over-ride the GATT Articles without the contracting parties having an opportunity of seeing the terms of the bilateral agreements before concurring in an amendment to Article XXXV. Sir Frank Lee replied that it could be provided that such bilateral agreements would not affect the rights of other contracting parties, and added that the bilateral agreements would be registered with GATT. He said, however, and in this was followed by South Africa and Australia, that the United Kingdom could not put its bilateral agreements up for judgment by other contracting parties.

12. One of the main United Kingdom worries about Japan's admission is of course the effect of Japanese competition in third markets, especially Australia. When asked whether there was any thought that a bilateral agreement between the United Kingdom and Japan would contain any provisions designed to protect United Kingdom interests in third markets, Sir Frank Lee replied that an agreement between the United Kingdom and Japan would only relate to United Kingdom and Colonial markets; the United Kingdom hoped that the third countries by virtue of bilateral agreements of their own with Japan would effectively safeguard United Kingdom interests in those countries.

13. There was a little desultory discussion of the formula that had been devised by a GATT working party on the admission of Japan, but the United Kingdom and other countries thought its adoption was out of the question since it would put the action of an individual country up to the judgment of a majority of the contracting parties.

Quantitative Restrictions

(a) *Permanent Trade Rules*

14. Opposition to the United Kingdom proposals was led by India and Australia. Mr. Jha said they appeared to be designed mainly to prevent other countries from accumulating convertible sterling by restricting imports from the Sterling Area. He argued that non-discriminatory quantitative restrictions would not have this result; the danger really lay in the use of discriminatory restrictions. (Mr. France later pointed out how difficult it was in practice to determine whether or not quantitative restrictions were being applied in a discriminatory fashion). Mr. Jha looked upon QRs as only one among several means of controlling imports and saw no reason why they should be outlawed when tariffs were not. But he was willing to have GATT "control" a situation in which a country by using quotas persistently maintained an external surplus.

15. Mr. Crawford thought the United Kingdom proposals suited only the highly developed countries which wanted to further their exports of manufactures. The Australian economy was highly vulnerable to price change in a few main crops. He

disliked the proposal that *ex post facto* approval should be required for QRs; no such approval was required for export subsidies. He also disliked the notion of a two-year limit on balance of payments QRs and the suggestion that if a balance was not restored within two years a waiver (requiring a two-thirds majority of contracting parties) would have to be sought. He thought the recent need to intensify the import restrictions Australia had imposed in 1952 and had gradually relaxed since then proved that a two-year limit would be unrealistic.

16. Mr. Plumptre reminded the meeting of the fundamental difference between QRs and tariffs, and Mr. Cohen pointed out that tariff negotiations had no meaning unless they were based on the premise that quotas were not permitted. Mr. Cohen said the United Kingdom regarded QRs as a "pernicious obstacle to international trade". But for all that, Mr. Crawford yielded no ground at all.

17. Mr. Crawford also criticized the role proposed for the IMF in this field, although Mr. Plumptre pointed out that this was already implicit in Article XV. Mr. Crawford thought the IMF was unduly dominated by the United States, and could not be convinced that its proposed task of "judging the facts" would be carried out without bias.

(b) *The Transitional Period*

18. Mr. France said that the length of the transitional period would depend on how much time elapsed before convertibility was achieved. The United Kingdom had proposed a transitional period of about a year, but it was possible that after this transitional year the elimination of a hard core of restrictions might require up to another year. Mr. Isbister suggested that it was important during the current period, i.e. before convertibility, that the sense of progress should be maintained. The longer the current period the less necessary it should be to have an extended transitional period. There appeared to him to be no need to provide for a hard core period unless convertibility was expected to come fairly soon. Sir Frank Lee agreed with this, and promised that the United Kingdom would continue to relax its restrictions as far as possible during the current period.

(c) *Agriculture*

19. In the light of the expressed inability of the Americans to yield any ground on the application of QRs to agricultural commodities subject to price support operations, Mr. Cohen put forward some personal suggestions that might be examined: retaliatory measures by affected countries; the acceptance and legalization of the United States position (by amending Article XI); or requiring a country maintaining such restrictions to negotiate for them in the same way as it would renegotiate a bound tariff. None of these suggestions appeared to the Canadian delegation to be very helpful. There was already provision in GATT for retaliatory action, and the other two suggestions would have the effect of legalizing the United States default. Nor was Mr. Crawford willing to legalize the United States stand. He pointed out that it was often impossible for an affected country such as Australia to find adequate compensation for the harm suffered. The loss of the United States market was only part of the problem; the same agricultural policies led to over-production which in turn led to dumping. Mr. Crawford was unwilling to yield any ground to

the Americans on this point, and said that if the United States continued to use QRs to protect its agriculture and did not abandon dumping it was unreasonable to expect Australia to regard GATT as a satisfactory instrument. He was supported throughout by Mr. Johnsen. Mr. Jha suggested that it was up to the United States to make some compensatory offer; Commonwealth countries would lose their bargaining position if they took the initiative in looking for methods of improving the United States position.

20. Sir Frank Lee explained that it was not the United Kingdom intention to go to Geneva with a readymade proposal to legalize the United States stand or to try to make it easy for the United States to maintain its present attitude. But he thought that it was not too early to give preliminary thought to the possible outcome that might result if the United States could not be induced to change its position.

21. There seemed therefore to be general agreement with the Canadian view that it was essential to take a strong stand against the Americans on this issue and maintain it with some tenacity for as long as possible. No doubt everyone recognized that in the end the amount of ground the Americans might yield would probably be small, and that an unsatisfactory compromise was the only eventual outcome that could be expected.

(d) *Under-developed Countries*

22. It was clear that the under-developed countries wanted more freedom to use QRs for development than they now had in Article XVIII. Mr. Jayasuriya proposed that they should be allowed to impose quotas to protect nascent industries without prior approval, and that any contracting party materially affected should be free to open bilateral negotiations and, if necessary, to bring the matter before the contracting parties. Mr. Tafazzal Ali agreed that prior approval should not be required.

23. Mr. Jha said there should be a clear definition of under-developed countries and they alone should be given the right to use QRs for protective purposes. Ceylon and Pakistan took a similar view, but Mr. Johnsen and Mr. Bertram (Federation of Rhodesia and Nyasaland) did not want to see Article XVIII restricted in this fashion. Mr. de Waal Meyer was opposed to the use of Article XVIII at all, but thought if it must be used a time limit should put on the action taken under it.

24. Mr. Melville thought the terms of Article XVIII should be broadened to permit the United Kingdom to take exceptional measures in the United Kingdom market to assist Colonial development.

Subsidies

25. Sir Frank Lee pointed out that the United States had indicated that they would be prepared to see the provisions of GATT brought into line with Article XXVIII of the draft Havana Charter (the equitable share concept). Mr. Crawford, however, thought this inadequate. He thought that something along the lines of Article XXVI of the ITO Charter should also be brought in. He had little confidence in the ability of the United States Administration to carry out a reasonable policy with respect to agricultural surpluses. He said there must be a genuine collective approach which embraced everyone, and importing countries deriving immediate benefit from cheap United States supplies must play their part. He proposed that importing

countries should be obliged to impose anti-dumping or countervailing duties equivalent to the amount of the export subsidies concerned.

26. The Australian suggestion got some support from South Africa, and India. Mr. France explained that it would raise difficult technical problems for the United Kingdom. Mr. Johnsen said that this was also true of New Zealand, and suggested that for that reason QRs might be a better answer to export subsidies. However, even Mr. Crawford thought this would be going too far. Dr. Isbister suggested that an attempt might be made to negotiate a positive prohibition of export subsidies. He thought the implications of the Australian suggestion would need a good deal of study.

Discrimination Against a Persistent Creditor

27. The brief discussion of this subject was somewhat inconclusive, but it was recognized on the United Kingdom side that "organizing" discrimination, if it ever became a practical issue, would be far from easy. It was agreed too that this question should be thought of in terms of discrimination against a persistent creditor as a country, not against a currency.

Bilateral Trade

28. Mr. Cohen asked for general support for the United Kingdom's objective of discouraging bilateral trade arrangements which would be likely to frustrate the approach to freer trade and payments, but he did not think it appropriate to seek any new provisions in GATT. Dr. Isbister agreed that it would not be possible to write into GATT provisions which would outlaw the kind of bilateral trading Mr. Cohen had in mind. He thought that to some extent Article I already covered this point. The Asian delegates, while supporting the principle that bilateral arrangements generally should be discouraged, indicated that in a number of cases they themselves would not be able to give them up entirely.

International Commodity Arrangements

29. The Australians argued that the vacancy left by the exclusion from GATT of the essence of Chapter VI of the ITO Charter must be filled at the review session. This was part of the "package" Australia expected to receive at that time. The approach now should be a little different however. In particular the prior requirement of a "burdensome surplus" before a commodity agreement can be made should not apply. If no agreement was to be reached on commodity policy provisions Australia would want Articles XX (i)(b) and XXIX(i) eliminated. The Australians disagreed with the United Kingdom suggestion that this should be left for a working party to deal with after the Review Session.

30. There was fairly general agreement with the aims of the Australian and United Kingdom proposals, although a number of differences of view on the methods to follow remained.

Preferences

31. Sir Frank Lee recalled the Ministerial discussion on this subject at the Commonwealth Economic Conference when the notion of a general release from Article

I was rejected.[64] Commonwealth Finance Ministers had generally reaffirmed this attitude in Washington this year, although Sir Arthur Fadden had reserved his position.

32. Mr. Crawford said Australia had regarded Article I as part of the package which would also have contained Article 15 of the ITO Charter. Now the value of preferences was being destroyed by domestic and export subsidies, and had been reduced by inflation. Moreover the restrictions of Article I made tariff-making in Australia unduly complicated. He argued too that the admission of Japan might make some higher tariffs necessary; Australia would not wish this to require increases in tariffs against Commonwealth countries. Finally, Mr. Crawford spoke of the possibility of developing certain Australian industries for regional defence purposes which might require some action along the lines envisaged in Article 15 of the ITO Charter. Mr. Crawford got no support at all for a frontal assault on Article I, but everyone was willing to examine sympathetically any specific proposals for waivers to meet special Australian difficulties. Mr. Johnsen however did give some support to the idea of a provision along the lines of Article 15 of the ITO Charter.

33. Mr. Jha reminded Mr. Crawford that many countries besides the United States were opposed to preferences. He had agreed that there was a lack of balance between say the GATT rules about QRs, and the freedom to use subsidies, but India's views on QRs were cast in non-discriminatory terms.

34. Mr. Plumptre pointed out that because of restrictions in Commonwealth countries the benefit of existing preferences to Canada was largely nullified. Canada expected that over the years the GATT would result in a gradual withering away of preferences and other barriers to trade. He warned that if the proposal to revalorize specific margins of preference was pressed, the idea of revalorization would probably spread to specific tariffs in general.

35. After further discussion Mr. Crawford explained that Australia was not looking for a general enlargement of preferences, but merely wanted to be free to negotiate adjustments where necessary. Australian officials had been looking for some formula in between outright attack on Article I and continued reliance on the waiver.

36. Mr. Cohen made a somewhat non-committal speech in which he did not rule out a case for making preferences negotiable in the same way as tariffs, but he thought such cases should be dealt with by the contracting parties *ad hoc*. Nor did he rule out revalorization, although again he thought the *ad hoc* approach should be followed.

37. The Colonial views on preferences are dealt with in paragraphs 39-42 below.

Tariffs

38. Mr. Plumptre made three suggestions for discussion:

(a) Universal rebinding of existing schedules, and a renunciation of the right to withdraw concessions under Article XXVIII;

[64] Voir/See Volume 18, Documents 570-607.

(b) a special procedure, continuously available, whereby countries would be given the right to renegotiate on special considerations and in exceptional circumstances;

(c) if this special procedure was granted, countries should try as far as possible to postpone recourse to it.

With the exception of Mr. Sanders, however, other delegates seemed unduly preoccupied with their several special difficulties and showed a disturbing lack of interest in rebinding.

Special Problems of the Colonies

39. Mr. Melville opened this discussion with a reasonable statement of the difficulties of the Colonies during which he proposed the following formula as a basis for dealing with these in the GATT Review:

> "It is recognized that the maintenance of economic and social stability presents special problems in the case of small and structurally weak economies, in particular the economies of territories classified as 'dependent overseas territories'. Metropolitan governments associated with such territories — and the Governments of such territories themselves — therefore require the right to take such action from time to time in respect of regulations of tariffs and commerce as may be necessary for the preservation of economic and social stability, even if such action deviates from one or more of the Articles of GATT".

40. There followed statements by individual Colonial Advisers explaining their special difficulties. Most of them spoke in restrained and sensible terms. The last speaker, Mr. Bustamente, however, after pushing his coatsleeves well above his elbows plunged into an embarrassing tirade, whose flavour has entirely escaped the official record of the meeting.

41. Delegates of other countries showed great sympathy with the difficulties of the Colonies and a willingness to examine whatever proposals the United Kingdom wished to put forward to meet them.

42. Mr. Cohen thought the United Kingdom could hardly hope to negotiate a formula as broad as Mr. Melville had proposed, but felt it might be possible to get an amendment of Article XVIII designed to enable a metropolitan country to take action for the benefit of one of its dependent territories as if it were part of the metropolitan territory. What could be done under such a provision would vary from commodity to commodity.

General

The most serious difference of opinion was clearly that between the United Kingdom and Australian conceptions of the kind of trade rules that should apply after convertibility has been achieved. The Australians were particularly shocked when the United Kingdom first proposed the two-year time limit on QRs; and they have little more affection for the notion that QRs should be subject to the approval, even *ex post facto*, of the contracting parties.

232. DEA/9100-AO-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1824 Washington, October 21, 1954

CONFIDENTIAL. IMPORTANT.

REVIEW OF GATT

Following for Ritchie from Couillard, Begins: Guy Smith and I have had two long sessions with a group of State Department officials in which we covered, in varying detail, the main questions which will be discussed at Geneva. Present were Ben Thibodeaux (who has just been appointed Director of the Office of Economic Defence and Trade Policy), Leddy, Frank, Corse, Weiss, and a couple of others.

2. I made clear that I was talking with them informally and as a member of the Canadian Delegation rather than of the Embassy. I stressed that although I would be able to pass on to them some of the information gathered in London about the position of individual Commonwealth countries on various issues, I was not "reporting" on the recent Commonwealth talks.

3. As you will appreciate I had two main objectives in mind: (1) to obtain such new information as was available on the American position with respect to the main issues — this is summarized below; (2) to confirm and impress on these officials the strength of feeling towards and the resultant damaging effects of the United States inability to move forward in the agricultural field. I think our report on other countries' attitude — an attitude, as you will have seen from the London minutes, which permeates practically all the important issues to be discussed at Geneva — brought home to these officials a fuller realization of the adverse consequences of their position. Thibodeaux said (at our second meeting) that our report had already been passed on to Sam Waugh of course, and also to the "top people" in the Department of Agriculture.

4. The following summarizes the new information on the United States position which we obtained. On a number of issues (e.g. Article XVIII) they are still searching for a more or less final position.

(a) *Two instruments.* They will press for this in the hope that the first instrument, containing the organizational provisions, will be approved by Congress at its next session. Officials think that in doing so Congress will, in fact, (although indirectly and rather vaguely) be endorsing the Administration's commercial policy as embodied in the second instrument. Officials have in mind that both instruments will be drawn up for "acceptance" and definitive application. The functions of the organization as they will be contained in the first instrument will in no way be more limited than the present functions of the contracting parties acting jointly; indeed, they envisage that these functions will be expanded. As regards the perma-

nent seats which are to be provided in the 15 — or 18 — country body which they propose, they have in mind that the provisions of the charter should be adopted.

(b) *Export subsidy*. They will agree to a provision in the Agreement for the application of the "fair share" principle, with mention made, *if necessary*, of the criterion of the "representative period". They point out that this commitment represents some sacrifice for them (i.e. an act of bravery by the Administration) in that it probably goes further than existing United States legislation permits and that it will surely be considered by many in Congress as contrary to existing legislation: in entering into this commitment under GATT, the Administration would, in fact, be leaning on the President's policy statement which in the opinion of many sections in this country was an unnecessary and over-liberal interpretation of existing legislation in favour of foreign countries.[65]

(c) *Agricultural import restrictions*. There appears to be some backsliding in that officials now hope that some provision will be made in GATT which would remove the stigma of infringement now borne by the United States import restrictions. Their present plan is to agree that Article XI should stand but to change the date of 1947 which now appears in the Protocol of Provisional Application to 1955 and to write this date into the Agreement. The United States would then agree that the Agreement should provide for a review by the contracting parties of the progress made towards the lifting of restrictions which are contrary to the provisions of Article XI. Officials consider this solution necessary. Otherwise, they explain, Congress, in "endorsing" the provisions of the Agreement, would be in fact agreeing to obligations vis-à-vis which the United States had been labelled an infringer.

(d) *Article XXVIII*. You will have seen their proposal. It is their view that the contracting parties acting jointly would have to agree to such renegotiations as may be sought. Something which is new in their position, I think, is that if the contracting parties (acting jointly) do not agree or if there is no agreement reached by the individual contracting parties engaged in any given renegotiations, then the contracting party seeking the withdrawal of its concession will not, repeat not, be free to do so.

(e) *Japan*. They do not agree with the United Kingdom proposal and consider that GATT should have control over the terms and application of the bilateral agreements. They also want to ensure in some way that at least the major trading countries will share the responsibility of making room for Japan in the GATT.

(f) *Enabling clause*. They see no objection to such a clause which would permit the contracting parties to consider a widening of the scope of the Agreement provided no specific mention is made in the clause of commodity policy and agreements.

(g) *Bilateral termination*. They have abandoned the idea of proposing that provisions to this effect should be included in the Agreement. Ends.

[65] Voir/See United States, Department of State, *Bulletin*, Volume XXX, No. 773, April 19, 1954, pp. 602-607.

233. PCO

Note de la délégation auprès de l'Accord général sur les tarifs douaniers et le commerce

Memorandum by Delegation to General Agreement on Tariffs and Trade

ICETP DOCUMENT NO. 170 [Ottawa], December 28, 1954

GATT REVIEW — POSITIONS AND POLICIES

1. In the current review of the GATT, the basic objectives of the Canadian Delegation have been,

(a) "new rules of trade", under stricter supervision by the Contracting Parties, to take effect at a future date to be agreed. These new rules envisage

(i) lessened use of quantitative restrictions when in balance of payments difficulties,

(ii) elimination of discriminatory restrictions;

(b) until these "new rules" come into effect, to provide for better enforcement of the existing rules and continued dismantling of existing restrictions;

(c) rebinding of tariff schedules, with minimum escapes, but recognition that some escapes are necessary.

2. The United States shares the above objectives but is not providing leadership or offering incentives sufficient for their attainment. The only incentives held out by the United States to other countries in Geneva are:

(a) the hope of reciprocal tariff negotiations under the Keane Bill, based on 5 percent reductions per year for three years, and on peril points,

(b) a willingness to consult, on the basis of a "fair share" principle, regarding the impact of their export subsidies on the markets of other GATT members.

On the negative side, the most important element in the American position is their request for a "waiver" from GATT rules to permit them freely to operate import restrictions under Section 22 of the A.A.A., which latter permits import quotas of 50 percent of a previous representative period or ad valorem fees of 50 percent. The United States is seeking blanket approval, not only of restrictions already imposed, but of agricultural import restrictions they may impose in the future. Not only is the United States thus asking a good deal of other countries in return for minor concessions from themselves, and seeking to be released from some of their own most important commitments, their negotiating position is further weakened by the emphasis they are placing upon a number of points to render GATT more attractive to Congress. In this latter category, special mention should be made of the United States refusal to cooperate even in the discussion of possibilities in the field of international commodity arrangements. Although their position in this matter is not inconsistent with the views held by ourselves and the United Kingdom, for example, it is regarded as a serious deficiency by a majority of GATT countries, including all of the under-developed countries. As a major contributor of economic aid to the outside world and as the major trading country, United States support of GATT was of crucial importance from the very beginning.

While the United States Administration might not regard itself as having joined the ranks of those who are weakening GATT, their negotiating position at this Session permits no other conclusion to be reached.

3. The United Kingdom is a stronger ally at the present session than the United States. As the principal sponsor of the Collective Approach to convertibility and to freer trade and payments, it is in a pivotal position in the negotiation of the "new rules of trade". Consideration of the "new rules of trade" has fallen into the doldrums, however. The United Kingdom is encountering resistance from some of its sterling area partners and from some of its OEEC partners. For the moment, they have lost the initiative they assumed in connection with the Collective Approach.

4. Another group, comprising the stronger trading countries of Europe, South Africa, and some Latin American countries, accept in principle the desirability of stricter long-term rules and a stronger Agreement, but are apprehensive about various problems which will arise along the way. Some feel they may need to adjust tariffs upward to replace the protective effects of restrictions. Others foresee the need for some import restrictions, especially in the agricultural field, more or less indefinitely. A weaker group, including most of under-developed countries along with Australia, New Zealand and some of the European countries, are in pursuit of objectives rather different from our own. While they are generally sceptical about the desirability of enforcing any "new rules of trade", they are in some cases in search of concessions from the high tariff countries and in other cases in search of solutions based upon commodity agreements.

5. In this situation the position of the United States aggravates:

(a) the position of those delegations that believe the present Agreement to be already "unbalanced" in favour of the United States and other industrialized and well-developed countries and against countries dependent on exports of food and materials, and

(b) the position of those delegations from industrialized countries which accept the long-term trade rules in principle but which feel some need to retain restrictions or adjust tariffs to care for "soft spots" in their own economies. In short the United States attitude undermines the position of almost all other delegations in greater or less degree, thus endangering the success of the Review Session.

6. One of the considerations of the United States Administration in desiring a review has been their hope of getting Congress to accept GATT and commit itself to membership in an organization administering the Agreement. Considerable stress is being laid on this point by the United States delegation in the Geneva discussions. It cannot be doubted that GATT would be on a firmer basis if the United States Congress was in some sense committed to it. It would not seem desirable, however, substantially to weaken the fabric of the Agreement itself by waivers or by amendments, in order to buy such approval. Moreover, it is doubtful whether the present is the most propitious time to put GATT to Congress, particularly in view of the hope that, at a later date, the United States might not have to seek such sweeping exemptions from the obligations of the Agreement in the field of agriculture.

7. From Canada's point of view, GATT would look very different if the United States Administration had, in effect, explicitly withdrawn from its agricultural obligations. This might not jeopardize the continued existence of the GATT nor would it necessarily prevent Canada's continuing participation in it. Our government, however, could not very well support a blanket waiver for the United States to impose agricultural import restrictions in the future. It would be an important policy decision for the Government as to whether it could accept such a waiver if the United States were to obtain the requisite support of two-thirds of the Contracting Parties in the face of our opposition. Further it would seem questionable whether the Government would wish to enter into any new tariff negotiations under GATT auspices as long as the results of past negotiations were overshadowed by such a withdrawal on the part of the U.S.

8. It would seem desirable that representations should be made to the United States Administration, at the earliest possible date and at the highest possible level. Such representations might cover the following points:

(a) An Appraisal, from the Canadian point of view, as to where the GATT Review stands. (It should be noted that only one U.S. official, and that a fairly junior one, returned to Washington from Geneva for the Christmas recess; and it is questionable whether senior U.S. officials, let alone Ministers, are fully aware of the position.)

(b) Exploration of possible changes in the United States position point in the hope of bringing the present Review to a reasonably successful conclusion within the next two months.

(c) Warning that Canada cannot accept the sweeping United States waiver now proposed and will have to oppose it, or anything like it, with the utmost vigour in the Conference.

(d) Indication that Canada would accept specific waivers covering existing United States agricultural restrictions for limited periods, as an evidence both of Canada's recognition of the special position and problems of the United States and of Canada's desire to bring the Review to a successful conclusion.

234. DEA/50092-C-40

Procès-verbal de la réunion du Comité interministériel sur la politique du commerce extérieur, le 29 décembre 1954

Minutes of Meeting of Interdepartmental Committee on External Trade Policy, December 29, 1954

SECRET [Ottawa], January 7, 1955

Present:
Mr. R.B. Bryce, Secretary to the Cabinet (Chairman)
Mr. J.E. Coyne, Governor of the Bank of Canada,
Mr. K.W. Taylor, Deputy Minister of Finance,
Mr. D. Sim, Deputy Minister of National Revenue,
Mr. F.W. Bull, Deputy Minister of Trade and Commerce,
Mr. M.W. Sharp, Associate Deputy Minister of Trade and Commerce,
Mr. H.B. McKinnon, Chairman of the Tariff Board,
Mr. R.M. Macdonnell, Assistant Under-Secretary of State for External Affairs,
Mr. L.W. Pearsall, Department of Agriculture.
Mr. W.R. Martin, Assistant Secretary to the Cabinet (Secretary)
Mr. D.B. Dewar, Privy Council Office (Assistant Secretary)

Also Present:
Mr. L. Rasminsky, Bank of Canada,
Mr. A.F.W. Plumptre, Department of Finance,
Mr. S.S. Reisman, Department of Finance,
Mr. J.F. Parkinson, Department of Finance,
Mr. A.B. Hockin, Department of Finance,
Mr. A.W. Brown, Department of National Revenue,
Mr. H.R. Kemp, Department of Trade and Commerce,
Mr. C.M. Isbister, Department of Trade and Commerce,
Mr. B.G. Barrow, Department of Trade and Commerce,
Mr. A.E. Ritchie, Department of External Affairs,
Mr. L. Couillard, Department of External Affairs,
Mr. T.D. MacDonald, Department of Justice.

GATT REVIEW SESSION

1. *The Chairman* said that the Committee might first wish to be briefed on what had occurred at the GATT Review Session, and then perhaps discuss what action ought to be taken by Canada in the light of the impasse into which the Conference appeared to have fallen.

2. *Mr. Plumptre* said the real initiative for the Review Session had come from a number of small countries who thought the GATT was "unbalanced". These countries, who are generally more interested in commodity arrangements and other features discussed at Havana for the proposed ITO than in trade and tariffs, were eager to change the Agreement, which they had regarded as primarily a stop-gap arrangement. The United States was not providing the leadership expected of them in the GATT. Although they could have offered some concessions in the arrangement of an umbrella organization outside of, but related to GATT, for the working out of commodity agreements, they had taken a stand of unalterable opposition in this regard. On the other hand, certain countries like Australia were committed politi-

cally at home to obtain such changes in the GATT. The result was complete frustration.

The United States and the United Kingdom, who were both interested in the tightening of long-term trade rules, had not consulted with each other sufficiently before the Conference on the matter of tactics, and as a result had had disagreements over methods. The United Kingdom wanted to make the minimum changes in the Agreement necessary for tighter rules; the United States wanted a completely rewritten Agreement, partly because they desired to show a wholly new GATT to Congress. The two delegations at Geneva had at last put forth jointly a document which proposed that a country, upon getting into balance-of-payments difficulties, would be granted two years to extricate itself, within which time the country could impose restrictions subject to automatic consultation with affected Contracting Parties. Canada had tentatively supported this draft, but almost all other Contracting Parties were opposed to the two-year limit. There were indications that even the United States regarded the time limit as too stringent, and thought of it as a bargaining position.

Germany and South Africa had once supported tight long-term trade rules, but had now withdrawn that support. Germany had an agricultural interest in quantitative restrictions, and South Africa was demanding firm provisions against export subsidies before she would support tighter rules on other matters.

The United States was asking GATT to award her a waiver of her obligations not to impose quantitative restrictions on agricultural imports, and at the same time was holding out for a strengthened GATT in other respects. As a result, it was difficult to see how the Review Session could reach a reasonably successful conclusion in the next few months.

(An explanatory memorandum, "GATT Review, Positions and Policies", had been circulated — ICETP Document No. 170.)

2. *The Governor of the Bank of Canada* suggested that the United States might bargain for the waiver by relaxing its stand against commodity agreements. *Mr. Rasminsky* pointed out that the American opposition to commodity agreements in GATT was consistent with their stand in ECOSOC. *Mr. Plumptre* thought the United States opposition was not primarily a bargaining position, but could be used as one. He also observed that Canada's position on commodity agreements in general coincided with that of the United States.

3. *Mr. Plumptre* said the Americans, although inflexible at Geneva, were very eager to see the Review Session proceed. They were interested in "keeping up the momentum" of GATT and, more particularly, in obtaining the waiver and the separate organizational agreement so that the latter could be sent to Congress for approval at the next Session. They regarded the submission of the proposed organizational agreement to Congress as essential, and they considered that Congress would pass it only if GATT granted the United States a general waiver condoning past actions and explicitly allowing any future actions in the field of quantitative restrictions of agricultural imports. The United States was not likely to accept any time limit for the waiver, but the Contracting Parties could vote to withdraw it at any time in the future.

Mr. Coyne suggested that Canada should approach the United States and the United Kingdom in an attempt to have the Review Session postponed for about six months until the U.S. business recovery had progressed further, the agricultural situation had improved and there was a more settled appreciation of the effects of the new flexible price support programme. Under more favourable circumstances the United States might be willing to modify its demands.

5. *Mr. Ritchie* thought that the United States, and to a lesser degree, the United Kingdom, were satisfied with the way the Review was now going, and would not listen to a request that it be postponed.

6. *Mr. Couillard* pointed out that the smaller Contracting Parties would refuse to leave Geneva until more favourable provisions for the under-developed countries had been written into the Agreement. In addition, the United States wanted to submit the GATT to Congress in February, and would want the waiver granted and the organizational provisions drawn up by that time.

7. *Mr. Plumptre and Mr. Barrow* said they thought the United States would succeed in obtaining a waiver to cover both past and future actions. They could offer a weaker Article XVIII to win the support of the under-developed countries and could gain further support by offering to accept tighter controls on export subsidies. The French, Germans and Belgians were interested in seeing the principle of a waiver get into GATT, and would presumably support the United States. A flood of requests for waivers might come to GATT after convertibility was achieved and such countries as Germany could no longer impose restrictions for the special balance-of-payments reasons. Almost all the Contracting Parties were eager to see the Review achieve a successful completion, and were, moreover, willing to assume that it was essential that the GATT win Congressional approval. There was, therefore, a general willingness to give the United States what it wanted and thus to obtain from it the concessions necessary to make the Conference a success.

8. *Mr. Reisman* thought it was not necessary to assume that the waiver would be granted. Canadian-U.S. trade was the largest single operation carried on under GATT, and the United States might not wish to press for a waiver against vigorous Canadian protests. Canada might also win the Commonwealth countries and others like Denmark and the Netherlands to support her in opposing the waiver.

9. *Mr. Couillard* pointed out that complaints could still be made to GATT about the actions of a Contracting Party, even if these actions were condoned by a waiver, and retaliatory action could be taken by a country adversely affected, under Article XXIII. Members of the GATT Secretariat and Mr. Wilgress had said that Canada's best plan might be to complain to GATT while the waiver was being discussed, and seek compensation from the United States when the waiver was granted.

10. *The Chairman* said it would be difficult to claim compensation as soon as the waiver was granted, because the extent of damage to Canada from U.S. actions under the waiver could not yet be known. Canada could, however, use Article XXIII at any time to take retaliatory action.

11. *Mr. McKinnon* asked whether the tariff schedules would be left unchanged if Canada were successful in obtaining a postponement of the Review. *Mr. Plumptre* said that a postponement had not been discussed at Geneva, and he was, therefore,

unable to answer the question. There was, however, a strong feeling at the Conference in favour of rebinding the schedules for three years. *Mr. Reisman* noted that if a series of waivers were granted, tariff revisions might be meaningless.

12. *The Chairman* wondered if it would be advantageous to try to have the discussions on the trade rules postponed until after the GATT had gone to Congress. Better trade rules might emerge if they were not negotiated while the United States was bargaining for support for the waiver and the organizational provisions.

13. *Mr. Plumptre and Mr. Isbister* said that the postponement of negotiations would entail an unfortunate postponement of the movement toward convertibility. The United Kingdom needed new trade rules to point to as essential preconditions of convertibility. It was not the place of Canada to urge postponement and thus to slow down the United Kingdom in its movement toward its goal. The United Kingdom had now a draft before the Review Session and presumably thought its provisions were good enough, if accepted, to make convertibility possible. Should the United Kingdom feel that negotiations at this time were going to result in weak trade rules, it was up to the United Kingdom to initiate a proposal of postponement.

14. *Mr. Isbister* said he considered that the best course for Canada was to say that although we would consider waivers for specific past actions, we were unalterably opposed to a general waiver for future actions of the United States under Section 22 of The Agricultural Adjustments Act. If we opposed the granting of a waiver and it was nevertheless granted, the United States would feel compelled to consult Canada before placing specific restrictions against our exports to the United States in future. Our bargaining position would therefore be strong. Our credentials for discussing quantitative restrictions with other countries who might also want waivers would also be improved if we stood in firm opposition to the U.S. request now.

15. *Mr. Sharp* suggested that if Canada declared at Geneva that she was opposed to a waiver for future actions by the United States, we might well be embarrassed by being asked to state a principle setting out the conditions under which we should be prepared to grant waivers in future. Refusal to declare such a principle would indicate unreasonableness. He reminded the Committee that in every case affecting us under Section 22 of The Agricultural Adjustments Act, we could not quarrel with the treatment we had received from the United States.

16. *Mr. Isbister* said such an idea had been considered but had been abandoned because it was clear that the United States would be unwilling to accept a limitation of principle on its future actions under Section 22. Congress would not approve GATT unless the waiver left Congress free to impose restrictions without being limited in power by an international agreement.

17. *Mr. Plumptre* said that while a declaration of principle would be advantageous in that it would give Canada a firm arguing position against waivers that went beyond the principle, it would be impossible to obtain its inclusion in the Agreement itself, where it should be. The preamble to each specific waiver would certainly refer to the past practice of the United States in giving freer access to its markets; such a reference would serve the purpose of a statement of principle and would be consistent with the U.S. position that no international commitment should over-ride domestic law.

18. *Mr. Plumptre* said he personally thought that Canada should be willing to consider a waiver condoning past actions of the United States under Section 22 because refusal to do so might bring upon Canada the blame of the Contracting Parties for making it impossible for the Review to achieve success. *Mr. Plumptre* noted that his Minister was very reluctant to contemplate the acceptance by Canada of any waiver for either past or future actions of the United States.

19. *Mr. McKinnon* said it appeared that all the past actions of the United States under Section 22, except one, could be justified under the present GATT. The United States, therefore, really wanted a free hand for future actions, and Canadian acceptance of a waiver for past actions would not satisfy the Americans.

20. *The Chairman and Mr. Taylor* pointed out that it would be the purpose of the Canadian position to embarrass the U.S. Administration when it attempted to take future actions under Section 22, and thereby to strengthen our negotiating position.

21. *Mr. Rasminsky* said the question now was whether Canada should place before the Review Session a statement outlining the terms under which we would accept waivers for past actions and declaring that we would not accept a waiver for future actions of the United States. It might be preferable for Canada to await the presentation of the waivers to the Conference before we said what our conditions of acceptance were.

22. *Mr. Coyne and Mr. McKinnon* suggested that Canada should declare her opposition to all waivers. If, then, a proposal for a waiver condoning past actions of the United States under Article 22 were presented, Canada could consider whether to accept it.

23. *Mr. Plumptre* pointed out the danger in saying that Canada was willing to "look at" specific waivers. If an eminently acceptable waiver were subsequently presented, we would hardly be in a position to turn it down. Yet, to avoid the charge that Canada had wrecked the Conference, we must declare our willingness to "look at" specific waivers.

24. *Mr. Isbister* suggested Canada need not declare a willingness to "look at" new requests for waivers in the future. We needed only to call attention to our willingness in the past to cooperate with the United States in an attempt to find solutions for her difficulties.

25. *Mr. Plumptre* said that immediate representations to Washington, at a high level, seemed the only means by which Canada could hope to prevent the United States from obtaining the general waiver.

26. *The Chairman* said that since it was not yet known whether the representations would be made by Ministers or by the Canadian Ambassador to the United States, the Committee might feel it wise to draft instructions to the Ambassador on the matter.

27. *Mr. Coyne* suggested that a visit of Ministers to Washington would be more desirable if it was the intention of Canada to obtain concessions from the United States on the matter. If it was our purpose only to record our opposition to the granting of a waiver, representations could be made to that effect by the Ambassador.

28. *The Committee* agreed:

(a) that immediate representations should be made in Washington, at a high level, concerning the problem created by the request of the United States for a waiver of its obligations under GATT not to impose quantitative restrictions on agricultural imports;

(b) that the representatives should:

(i) express the concern of the Canadian Government that the U.S. request for a waiver would have a damaging effect on the continued development of healthy commercial relations between the two countries and upon the Review Session of the GATT; and

(ii) urge that the Government of the United States should not press forward with a request for a waiver which the Canadian Government would have no alternative but to oppose; and

(c) to meet again on Friday, December 31, for further consideration of the representations to be made to the United States Government.

D.B. DEWAR
Assistant Secretary

235. DEA/50092-B-40

Procès-verbal de la réunion du Comité interministériel sur la politique du commerce extérieur, le 31 décembre 1954

Minutes of Meeting of Interdepartmental Committee on External Trade Policy, December 31, 1954

SECRET [Ottawa], January 6, 1955

Present:

Mr. R.B. Bryce, Secretary to the Cabinet (Chairman),
Mr. L. Rasminsky, Bank of Canada,
Mr. A.F.W. Plumptre, Department of Finance,
Mr. D. Sim, Deputy Minister of National Revenue,
Mr. F.W. Bull, Deputy Minister of Trade and Commerce,
Mr. H.B. McKinnon, Chairman of the Tariff Board,
Mr. R.M. Macdonnell, Assistant Under-Secretary of State for External Affairs,
Mr. L.W. Pearsall, Department of Agriculture.
Mr. W.R. Martin, Assistant Secretary to the Cabinet (Secretary),
Mr. D.B. Dewar, Privy Council Office (Assistant Secretary).

Also Present:

Mr. S.S. Reisman, Department of Finance,
Mr. A.B. Hockin, Department of Finance,
Mr. H.R. Kemp, Department of Trade and Commerce,
Mr. C.M. Isbister, Department of Trade and Commerce,
Mr. B.G. Barrow, Department of Trade and Commerce,
Mr. A.E. Ritchie, Department of External Affairs,
Mr. P.A. Bridle, Department of External Affairs,
Mr. L. Couillard, Department of External Affairs.

REPRESENTATIONS TO THE UNITED STATES

1. *The Chairman* asked if it was yet known whether Ministers would be able to go to Washington next week or whether the representations regarding the U.S. request for a waiver from GATT obligations would be made by the Ambassador.

2. *The Deputy Minister of Trade and Commerce* said the Minister of Trade and Commerce was prepared to go to Washington any day next week. The Minister of Finance and the Secretary of State for External Affairs could go only on Thursday, January 6.

3. *Mr. Ritchie* said that the Canadian Embassy had been asked to try to arrange a meeting of the Ministers with the Secretaries of State, Agriculture and the Treasury, and with Mr. Sherman Adams on Thursday. If a meeting could not be arranged for Thursday, the Minister of Trade and Commerce would meet with members of the U.S. Cabinet on any other day in the week. The meeting would not be considered to be a session of the Canada-U.S. Ministerial Committee.

4. *The Chairman* asked whether the Ministers concerned had concurred with the line of action proposed by the Committee at its meeting on Wednesday.

5. *Mr. Bull* said the Minister of Trade and Commerce agreed that a waiver for future actions under Section 22 of The Agricultural Adjustments Act was unacceptable. Canada would consider specific waivers for past actions and decide upon them separately.

6. *Mr. Plumptre* said the Minister of Finance had indicated that he would accept any waiver only with reluctance. The Minister of Finance would probably concur with the position taken by the Committee.

7. *The Assistant Under-Secretary of State for External Affairs* said that the Secretary of State for External Affairs was in general agreement with the line proposed by the Committee.

8. *The Committee* considered a draft representation to the Government of the United States, which had been circulated (ICETP Document NO. 171)† and suggested certain drafting changes.

9. *Mr. Rasminsky* asked whether the representations would carry the implication that, if the waiver were granted by the Contracting Parties, Canada could not accept the new General Agreement.

10. *The Chairman* pointed out that the representation did not commit Canada to such an action if the waiver were granted. A GATT with a waiver might be preferable for Canada to no GATT at all.

11. *Mr. Ritchie* said that he had just been informed that a meeting had been arranged with the U.S. Secretary of State for the afternoon of Thursday, January 6th. An attempt would be made to have the Secretary of the Treasury and the Secretary of Agriculture at the meeting.

12. *The Committee*:

(a) noted that a meeting had been arranged to take place in Washington on Thursday, January 6th, between the Minister of Trade and Commerce, the Secretary of State for External Affairs and the Minister of Finance, and members of the U.S. Cabinet; and

(b) approved, subject to the suggested changes, the draft representation to be made to the Government of the United States.

D.B. DEWAR
Assistant Secretary

3e PARTIE/PART 3

FONDS MONÉTAIRE INTERNATIONAL, WASHINGTON, 11 AOÛT 1954
INTERNATIONAL MONETARY FUND, WASHINGTON, AUGUST 11, 1954

236. DEA/6000-H-40

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

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

CONFIDENTIAL [Ottawa], June 23, 1954

POSSIBLE EXPULSION OF CZECHOSLOVAKIA FROM THE INTERNATIONAL MONETARY FUND

You may recall that last October the Executive Board of the International Monetary Fund had under consideration various complaints which had been laid against Czechoslovakia in connection with its failure to fulfil its obligations under the Fund's Articles of Agreement. At that time the United States was pressing for action to declare Czechoslovakia ineligible to use the resources of the Fund under Article XV(2) which could, in due course, lead to the expulsion of Czechoslovakia.

Our position at the time was that while expulsion of Czechoslovakia from the Fund would have the disadvantage that it might remove any opportunities to influence Czech policies through the discussions in the Fund, it would be undesirable to condone serious breaches of obligations by member countries in important international organizations, particularly financial ones. Moreover, there would be serious difficulties in adopting what might be interpreted as a "soft" policy towards a Communist State's breach of the Articles of Agreement which might bring us into open disagreement with the United States. In the circumstances, the view of the Departments concerned was that the Czechoslovaks should be given every opportunity to

explain their position but if they did not give a definite indication of cooperating in a reasonable way with the Fund the Canadian representative should be prepared to support a declaration of ineligibility under Article XV. When this matter came up for discussion last November there was agreement among the majority of the members of the Executive Board that Czechoslovakia had failed to fulfil its obligations under the Articles of Agreement and therefore should be declared ineligible to use the resources of the Fund. A decision to this effect was recorded by the Board.[66]

We have just been informed through our Alternate Representative, Mr. Warren, that the United States is now proposing that the Board of Executive Directors recommend to the Board of Governors that the Government of Czechoslovakia be required to withdraw from membership in the Fund. The Government of Czechoslovakia has been notified of this proposal which will be discussed by the Executive Board on July 7th.

In the view of Mr. Rasminsky, the interpretation of the Articles of Agreement advanced by the representative of the United States may be open to question. In his opinion the relevant Articles of Agreement might be interpreted equally well to mean that the failure of Czechoslovakia to fulfil its obligations would not necessarily require any action by the Fund to expel this member. In actual practice the Fund has never resorted to expulsion of any member for failure to fulfil its obligations but instead has adopted a more moderate attitude with respect to breaches of obligations under the Articles of Agreement. Mr. Rasminsky feels that the position to be adopted by the Canadian representative should depend largely on political considerations. It seems fairly evident that the United States has primarily political motives in pressing for expulsion at this time. Mr. Warren has reported that several of the representatives of other countries have expressed their misgivings about the wisdom of the United States' proposal. A number of directors appear to be in favour of not making any recommendation to the Board of Governors but simply passing on to them a full statement of the facts for their consideration. The legal aspects of such a step by the Executive Board are now being considered by the legal authorities in the Fund.

At our request Canada House has reported that the United Kingdom Treasury and the Foreign Office do not consider it advisable for their representative on the Fund to take any firm stand on this issue until Czechoslovakia has had an opportunity to present its case, at which time the United Kingdom will consider its attitude with respect to the desirability of supporting the United States' proposal to expel Czechoslovakia from the Fund. The United Kingdom Treasury are not inclined to think that a decision to expel Czechoslovakia would be particularly embarrassing at the present time but the Foreign Office apparently are not so optimistic in this respect. The Foreign Office are somewhat concerned that Czechoslovakia might make a "kind of half-way reply" so forthcoming that it could not be rejected out of hand, yet not sufficiently satisfactory to dispose of the issue. Such a situation obviously might create some difficulties in the sense that the United Kingdom and Can-

[66] Voir/See Volume 19, Document 409.

ada might be put into the position of having to decide whether to disagree openly with the United States if the latter should still press strongly for expulsion.

Our alternate representative to the Fund has informed us that it is likely there will not be any interval following the consideration of the Czech case by the Executive Board on July 7th during which Governments might have an opportunity to re-examine their position in the light of the arguments advanced by the Czech representatives. Mr. Warren will be sending us in the near future a report on the way the lines are being drawn along with information on the extent to which other countries are in default of their obligations under the Articles of Agreement of the Fund. In the circumstances and pending Mr. Warren's further report on the situation, we are giving serious thought to the following considerations in consultation with the Department of Finance:

(a) The political desirability, or otherwise, of supporting the United States' proposal to expel Czechoslovakia from the Fund;

(b) The value, if any, of continued Czech participation in the Fund bearing in mind the fact that expulsion may mean virtual Czech withdrawal from participation in the GATT which is likely to be working more closely with the Fund in the near future; generally speaking we are in favour of encouraging the active participation by the U.S.S.R. and the satellites in the work of the Specialized Agencies, and expulsion from the Fund at this moment might have an unfortunate effect;

(c) The distinctive features, if any, of the default of Czechoslovakia as compared with the breaches already committed by other members of the Fund, particularly Nationalist China and France;

(d) The situation surrounding the expulsion of Czechoslovakia from the International Bank (which has already taken place);

(e) Any reports which we may receive concerning the attitudes of other members of the Fund, particularly the United States and the United Kingdom;

(f) The importance which we should attach to the relationship, if any, between the expulsion of Czechoslovakia from the Fund and the understandings recently arrived at during consultations which were held in Ottawa with the delegation from Czechoslovakia on trade and financial matters.

We felt it advisable to bring this matter to your attention at this stage. After we have had an opportunity to give further thought to this problem in the light of the considerations which we have outlined above we plan to submit for your approval recommendations regarding the instructions which might be sent to the Canadian representative to the Fund. Since it is our understanding that you will be leaving Ottawa for a brief period commencing July 1st, we plan, if you agree, to forward such recommendations for your consideration on June 29th. Your colleague, Mr. Abbott is being apprised of the situation by officials in his Department. Mr. Rasminsky is away in London but we are keeping in touch with other officials in the Bank.

R.A. M[ACKAY]

237. DEA/6000-H-40

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

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

CONFIDENTIAL [Ottawa], June 29, 1954

POSSIBLE EXPULSION OF CZECHOSLOVAKIA FROM THE INTERNATIONAL MONETARY FUND

In my memorandum to you of June 23rd on this subject, you will recall that I outlined for your information a list of the main considerations which officials in this Department and the Department of Finance felt should be borne in mind in formulating any instructions for the Canadian representative. In addition, I mentioned that we expected a full report from our representative which would assist us in determining the Canadian attitude.

The attached telegram from Mr. Warren covers pretty well most of the main points we have in mind and shows quite clearly the way the lines are being drawn. You will observe the rather interesting comparison which might be drawn between this case and the default of France in 1948. The main difference, of course, is that, unlike Czechoslovakia, France has been a cooperative member of the Fund and the French Executive Director has continued to participate actively in the discussions of the Fund.

I might draw your attention to the compromise proposal (paragraph 10) which would meet the United States' desire to expel Czechoslovakia and at the same time give the Czechs a further period in which to bring themselves back into good standing, and the rather promising sign that the United States' Director has agreed not to press the issue to vote at the July 7th meeting (paragraph 11).

We have studied this telegram in the light of the information already available and, in consultation with officials in the Department of Finance, we suggest that it would be appropriate to send our representative preliminary instructions along the following lines:

(a) Mr. Warren should support the United Kingdom and other representatives in pressing for an interval following the meeting on July 7th during which period Governments would have an opportunity to consider final instructions in the light of the case presented by the representative from Czechoslovakia;[67]

(b) should it prove necessary to vote at the July 7th meeting on a recommendation for the expulsion of Czechoslovakia the Canadian representative should support any compromise proposal receiving substantial support which would have the effect of giving the Czechs a reasonable time within which to mend their ways (e.g. a recommendation to the Board of Governors that Czechoslovakia be expelled at

[67] Note marginale :/Marginal note:
OK [L.B. Pearson]

the end of 1954 unless the Executive Directors should in the meantime make a contrary recommendation);[68]

(c) if it appears quite certain that any efforts to either postpone the issue or to give the Czechs an opportunity to bring themselves back into good standing (along the lines of (a) and (b) above) will not receive sufficient support, the Canadian representative, rather than come into open disagreement with the United States, should vote in favour of a straightforward recommendation for expulsion by the Board of Governors. (An alternative which you might wish to consider would be to authorize our Representative to abstain in these circumstances).[69]

I would be grateful for an expression of your views. Your colleague, Mr. Abbott, is being consulted by officials in his Department.

R.A. M[ACKAY]

[PIÈCE JOINTE/ENCLOSURE]

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1138 Washington, June 24, 1954

CONFIDENTIAL

Reference: Your EX-1083 of June 23.†

POSSIBLE EXPULSION OF CZECHOSLOVAKIA FROM THE I.M.F.

Following for A.E. Ritchie from Warren, Begins:

(1) *Features of Czechoslovakian Default*

In November last, the Fund declared Czechoslovakia ineligible to use Fund resources because of failure (a) To furnish the minimum information necessary for the effective discharge of the Fund's duties (Article VIII section 5(a); and (b) Failure to consult the Fund in accordance with Article XIV section 4 as to the further retention of restrictions inconsistent with Article VIII.

2. In connection with the above decision, you will be aware that Czechoslovakia has refused to provide information on national income, exports and imports, and balance of payments on so-called security grounds, and has pleaded technical inability to provide information on prices. While it is the continued failure of Czechoslovakia under (a) and (b) above which is the formal basis of United States complaint and demand for withdrawal, there are a number of other features about

[68] Note marginale :/Marginal note:
OK [L.B. Pearson]

[69] Note marginale :/Marginal note:
I would not object either to expulsion or abstention if those chiefly concerned — and the Dept of Finance — could decide which course to pursue L.B. P[earson]

the Czech case which are factors in any judgement about Czechoslovakian relations with the Fund. You will remember that in June of last year Czechoslovakia changed the par value of its currency without consulting the Fund, and argued that this action did not require Fund concurrence because it did not effect the international transactions of members. The Fund rejected this argument and decided that the change which had been made in the Czech par value did not fall under Article IV section 5(e).

3. The United States will argue that in addition to the specific issues mentioned above Czechoslovakia has, in a general sense, been a relatively uncooperative Fund member. In this connection Southard points out that other countries which have had technical difficulty in providing all the information required have, nevertheless, remained in close consultation with the Fund, and have done their best to overcome statistical short-comings. By contrast, the Czech attitude has been defensive, and fruitful consultations have not been possible. He recalls also that since the Czech Director walked out some years ago on the issue of the presence of a representative of Nationalist China, the Czech Governor has not voted in Fund elections.

(2) *Breaches of Obligations of Other Fund Members*

4. I am unable to provide a full list of the many individual departures by members from the Articles of Agreement. The staff has advised that this information is not readily available and would require considerable research. The situation is that nearly all countries have at some stage, and in some way, failed to live up to the letter of the Articles. For the most part the Fund has felt able to countenance these technical breaches, and in a number of cases Fund policy has been adjusted to situations which have developed. Only in the case of France and Czechoslovakia has the Fund actually made a declaration of ineligibility to use Fund resources.

5. The following are examples of failures on the part of members to observe the strict obligations of the Fund, but which have not resulted in the imposition of sanctions. (a) China, Greece, Indonesia, Italy, Thailand and Uruguay have not yet established a par value, and in consequence have not yet paid that part of their subscription which is due in their own currencies. (b) Canada and Peru no longer observe the par value of their currencies in exchange transactions. (c) Many multiple currency countries from time to time introduce rate changes in their exchange systems without prior consultation with the Fund. (d) Various countries, including South Africa, permitted premium sales of gold at a time when this was regarded as contrary to Fund obligations. (e) While the situation has considerably improved, there was a time when the Fund was not receiving adequate economic information from a number of South American countries. This is probably still true of Uruguay and Paraguay, although these countries have consulted with the Fund.

6. In relation to the Czech problems, the French situation is particularly interesting. In January 1948 France consulted the Fund about the proposed devaluation of its currency and the concurrent introduction of a premium market for convertible currencies. The Fund was not prepared to concur in the free market proposal, which involved multiple currency practices and currency discrimination. Despite the Fund objection, the French went ahead and in the circumstances the Fund concluded that France had made an unauthorized change in its par value, and had, therefore,

become ineligible to use the Fund resources. Now, six years later, France has still not made its peace with the Fund on this issue, but no one has proposed that France should be expelled from the organization. In all other respects, France has of course been a most cooperative member of the Fund, and the French Executive Director continues to participate actively in Fund discussions.

(3) *Present Attitude of Other Members on Czechoslovakian Case*

7. The United States position is pretty clear — unless Czechoslovakia gives concrete evidence of a desire to behave as a normal Fund member, Southard will be pressing a recommendation for expulsion. He tells me he can count on the support of six or seven Directors, which would suggest that he has lined up the South American countries, China, a couple of the European countries, and possibly Japan.

8. The Executive Directors for the United Kingdom, India, Australia, Scandinavia, and the Middle East countries are opposed to action at this time leading to the expulsion of Czechoslovakia when the Governors meet. It is, however, not possible to report how they will vote on the issue, since their final attitude will be determined only after the Czech representative has been heard. It is reasonable to expect that all of these countries will support any formula which can be devised which would either postpone the issue or at least give the Czechs more time. Prasad of India has been authorized to vote against the United States proposal even if he is in a minority of one. However, he has also been given discretion in the matter, and in the final analysis may abstain and conceivably could vote in favour of a compromise resolution which was generally acceptable.

9. In my letter to Rasminsky of June 7,† I referred to the difficult position of Saad, the Middle Eastern Director, who represents countries which may well have opposing views on the issues of Czechoslovakian expulsion. I understand Saad's suggestion that the Executive Board should not make a substantive recommendation and should leave the matter entirely to the Board of Governors has not won much support amongst his colleagues or in the staff. The consensus is that the Board must consider the matter and make the best recommendation possible in the circumstances.

10. On the assumption that the Czechs prove unwilling to mend their ways, some Directors are considering the possibility of a compromise recommendation which would meet the United States desire to expel Czechoslovakia and at the same time would give the Czechs a further period in which to bring themselves back into good standing. The thought is that the Executive Board might recommend to the Governors that Czechoslovakia be expelled at the end of the year unless the Executive Directors should, in the meantime, make a contrary recommendation. This solution would not only give the Czechs additional time, but would bring the date of expulsion from the Fund into line with that of expulsion from the Bank. As you know, Czechoslovakia will automatically cease to be a member of the Bank as of December 31 of this year unless before then action is taken in the matter of the non-payment of the balance of their Bank subscription.

11. In sending instructions on the general issue, perhaps you would also comment on the above compromise, which I understand would be acceptable to the United States. Incidentally, at Hall-Patch's insistence, Southard has agreed not to press the

issue to a vote at the July 7 meeting. There is to be an interval in which Executive Directors will have an opportunity to consult their governments before a vote is called. For what it is worth, my personal guess is that, reluctant as the United Kingdom will be to see Czechoslovakia pushed out of the Fund, it will not, in the final analysis, vote against the proposal for expulsion. Particularly at a time when United States support is needed for the convertibility operation, I should be surprised if the United Kingdom would wish to add the Czech case to the important political issues which are bedeviling United Kingdom-United States relations at this time. One thing at least seems certain, and that is that the United States, having precipitated the question will not be able to accept any solution short of a recommendation for expulsion at some time in the not too distant future. The United States motivation is political, and for this, if for no other reason, they are unlikely to prove receptive to contrary arguments based on action taken in the Fund in other cases which may appear to be comparable. Ends.

238. BCA/220-25C-3

L'adjoint exécutif du gouverneur de la Banque du Canada au représentant suppléant auprès du Fonds monétaire international

Executive Assistant to Governor of Bank of Canada to Alternate Representative to International Monetary Fund

[Ottawa], July 15, 1954

Dear Jack [Warren],

The comprehensive outline of the Czech situation contained in your teletype message of June 24th was very helpful in the consideration given here to the possible expulsion of Czechoslovakia from the Fund.

As you are aware the general policy of the Government is to encourage the active participation of the U.S.S.R. and satellite countries in U.N. agencies. We have ourselves just concluded fairly satisfactory arrangements with the Czechs on certain outstanding trade and financial matters, and this is a particularly inopportune time for us to join in an expulsion move.

On the other hand, the tone of the Czech reply to the Board's invitation to the July 7th meeting is certainly not conducive to a sympathetic attitude. Indeed, the most important difference between the Czech case and the other cases of default listed in your teletype message is that the other countries have shown some willingness to cooperate with the Fund while the Czechs have not. In these circumstances, and having in mind that expulsion is a final sanction which is not mandatory on the Executive Board in the case of a member which failed to fill its obligations, it would seem to us desirable that the Czechs should be given a further opportunity to show their willingness to cooperate. This could be reconciled with the apparent American determination to press this matter to a decision immediately by action along the lines suggested in paragraph 10 of your teletype message of June 24th.

Accordingly, the instructions by which you should be guided are the following:

(a) If the U.K. obtains sufficient support for a decision to allow an interval following the next meeting of the Board before any vote is taken you should *concur in* such a postponement to allow Governments time to prepare final instructions in the light of whatever case is presented by Czechoslovakia. It is not felt, however, that an interval is essential since it seems unlikely that the Czechs will have very much new to add to the arguments they have already advanced.

(b) Should it prove necessary to vote at the meeting on a recommendation for the expulsion of Czechoslovakia you should *support* any compromise proposal receiving substantial support which would have the effect of giving the Czechs a reasonable time within which to mend their ways. Such a compromise proposal might be a recommendation to the Board of Governors that Czechoslovakia be expelled at the end of 1954, unless the Executive Directors in the meantime make a contrary recommendation.

(c) If it appears certain that any efforts along the lines of (a) or (b) above to either postpone the final decision or give the Czechs an opportunity to re-instate themselves will not receive sufficient support, and there is a vote on the straightforward recommendation for immediate expulsion by the Board of Governors, you should vote affirmatively rather than come into open disagreement with the United States.

Thought has been given to the possibility of abstaining in the situation described in (c) above, but it has been decided that you should not abstain. The purpose of abstention would be to express disapproval of the tactics employed by the United States rather than any disagreement in principle, but it is feared that our abstention would be interpreted an unwillingness to take a definite stand on the substantive issue.

Yours sincerely,

L. RASMINSKY

239. DEA/6000-H-40

Le représentant suppléant auprès du Fonds monétaire international au gouverneur suppléant de la Banque du Canada

Alternate Representative to International Monetary Fund to Deputy Governor of Bank of Canada

[Washington], July 27, 1954

Dear Jim [Coyne]:

In Lou's absence on leave, I am again writing to you on Fund's matters. This letter will bring you up-to-date on the discussions we have been having on the U.S. complaint that Czechoslovakia has continued its failure to fulfill the obligations of the Agreement concerning consultation and the provision of information and should, therefore, be required to withdraw from the Fund.

There have been two lengthy meetings so far and we are still a long way from any decision on the recommendation to be made. The Czech representatives are not

offering to provide any additional information about their economic and financial position but are arguing that the Fund cannot now proceed to take expulsion action because, in their view, certain prior legal requirements have not been fulfilled.

Their position is that the November 4 decision of ineligibility was not taken as a sanction against Czechoslovakia but rather in recognition of a factual situation and that expulsion action under Article XV, Section 2(b), can only be taken if the precedent action under 2(a) was in fact taken as a sanction. Their second main argument is that a declaration of ineligibility under XV 2(a) and expulsion action under 2(b) are only permissible if a member fails to fulfill its obligations *without having a legal justification*. In this connection, they emphasize that the question of their justification for withholding information was not fully considered in the discussions leading up to the November 4 decision and go on to argue that the national security interest of Czechoslovakia is a valid reason in international law for denying information required by the Fund. A third legal argument which the Czech representatives have advanced is that the phrase "after the expiration of a reasonable period" in XV 2(b) must mean after the expiration of a specified period — as you know, no special period was prescribed in the November 4 decision on ineligibility.

The procedural arguments so far put forward by the Czechs have been vigorously opposed by Southard and their interpretation of Article XV has been disputed by the acting Legal Counsel who has given the preliminary opinion that the only prerequisite to action under Article XV, section 2(b), in a case of this kind, would be a declaration of ineligibility under section 2(a) and the passage of a reasonable but unspecified period. In the circumstances, the Czech representatives have taken the position that a question of interpretation of the provisions of the Agreement has arisen and have asked for the decision of the Executive Directors under Article XVIII. The staff is preparing a paper on the points which the Czechs have raised and when this is available the Board will consider whether in fact there is a question of interpretation, and if so how the Article should be read. It is interesting to note that if there is a question of interpretation the Czechs under Article XVIII(b) could appeal the decision of the Executive Directors to the Board of Governors.

This morning, on the understanding that the discussion was without prejudice to the procedural points raised at the first meeting, there was a debate of the substance of the issue in which the Czech stated the reasons which in their view justify the withholding of information on exports, imports, balance of payments and the national income. The burden of their argument, as was the case last year, is that the U.S. is waging economic warfare against Czechoslovakia and the other "socialist" states, has improperly discriminated against them and that as a measure of self-defence and for security reasons Czechoslovakia is obliged to withhold vital statistics about its economy.

The question of whether or not a member may withhold information on grounds of national security may prove to be the central issue in the debate. While the Articles of Agreement are silent on the subject of exceptions to the obligations for security reasons, this question has arisen in the past in connection with the restrictions of current payments and transfers to Communist China by the United States and Cuba. The Fund's policy on that occasion is spelled out in Executive Board

decisions 144 and 145 of August 14, 1952, to which you may wish to refer. You may also wish to look at Article XXI of the GATT which is quite specific on the point and provides nothing in the Agreement requires any contracting party to furnish information the disclosure of which it considers contrary to its essential security interest.

So far, only Southard, Saad (Middle East) and Prasad (India) have taken an active part in the discussion with the Czech representatives. The interventions of the latter Directors have been designed to elicit arguments from the Czechs, particularly those relating to national security, which the Board might conceivably be prepared to recognize as adequate reasons for withholding information. Southard, on the other hand, while quite prepared to listen to any explanations which the Czechs wish to give, does not consider that the national security argument is a valid reason in the case of Czechoslovakia for denying the Fund economic and financial information. He is pressing for a quick decision on the grounds (a) that the Board took all the factors into account when it decided last November that Czechoslovakia had failed to fulfill its obligations and was ineligible, and (b) that a reasonable time has now elapsed without any modification of the position. In response to the argument advanced by Prasad that other countries have failed to fulfill their obligations and that no one is pressing for their expulsion, Southard argues strongly that the cases are not parallel in that all other countries (including France which has been declared ineligible) have consulted and cooperated with the Fund whereas Czechoslovakia has not done so and refuses to supply information without which the Fund cannot effectively discharge its obligations.

I think that the instructions given to me by Lou in his letter of July [15] are fully adequate for the present. If, however, as may well be the case, the debate eventually turns on the question of whether a member has the right to withhold information on grounds of national security it would be helpful to have your additional views. Against the possibility that you would wish to discuss this question with External Affairs I am taking the liberty of sending a copy of this letter to Ed Ritchie.

The next meeting to discuss the Czech case is scheduled for Thursday afternoon; additional meetings may be required and it then seems likely that there will be an interval to permit consultations with governments before a vote is taken on any recommendation to the Board of Governors.

Yours sincerely,

J.H. WARREN

P.S. The lawyers may wish to look over the attached extract from the verbatim transcript of the first meeting with the Czechs which sets forth their interpretation of Article XV.

240. BCA/220-25C-3

Le gouverneur suppléant de la Banque du Canada
au représentant suppléant auprès du Fonds monétaire international

Deputy Governor of Bank of Canada
to Alternate Representative to International Monetary Fund

[Ottawa], July 29, 1954

Dear Jack [Warren],

My personal reaction to your news of the legal tactics of the Czechs is amusement rather than concern.

I will not comment on the procedural points, particularly as you expect there will be an interval to permit consultations with governments before a vote is taken. As regards the point that a nation should not have to provide information if it deems such disclosure to be contrary to its national security, it seems to me that the Czechs are pushing this point rather too far. Clearly there might be particular items of information which a country might under some circumstances feel it had to withhold for reasons of national security. If, however, a country feels it must withhold all information whatsoever it seems to me tantamount to saying it is unable to co-operate with the other members of the Fund and should for reasons of national security resign from the Fund, unless, that is, the Board of the Fund agrees that special circumstances exist, presumably of a temporary character, which justify the stand taken by the country concerned. In the present case, obviously the Board would not make any such finding, and on the point of substance, therefore, I would say the Czechs have made no good defence to the proposal that their membership in the Fund should be terminated.

Yours sincerely,
J.E. COYNE

241. BCA/220-25C-3

Le représentant suppléant auprès du Fonds monétaire international
au gouverneur suppléant de la Banque du Canada

Alternate Representative to International Monetary Fund
to Deputy Governor of Bank of Canada

Washington, August 3, 1954

Dear Jim [Coyne]:

Many thanks for your letter of July 29th and the helpful comments on the Czech case which it contained. I don't think anyone down here is being taken in by the legal manoeuvring of the Czech representatives, but some of the questions they have raised are rather tricky and require careful handling.

We have now carried the debate to the point where the discussion has been adjourned to permit consultation with Governments. The next meeting will be on August 11, when the first item of business will be a vote, if necessary, on the question of interpretation, followed by a resumption and, it is to be hoped, a final discussion of the substance of the United States complaint.

The greater part of Friday's meeting, which ended at midnight, was again taken up with interpretation. Without going into details, the tentative sense of the meeting was to give the following bare bones answer to the various questions posed by the Czech delegation:

"In response to the request of the Government of Czechoslovakia, and after having considered the arguments put forward by that Government, the Executive Directors, acting pursuant to Article XVIII (a) of the Fund Agreement, interpret Article XV, Section 2 as follows:

Action may be taken by the Fund to require a member to withdraw if the following conditions are met:

1. The member has been declared ineligible to use the resources of the Fund pursuant to Article XV, Section 2(a);

2. A reasonable time has passed since the member was declared ineligible to use the resources of the Fund pursuant to Article XV, Section 2(a), whether or, not a fixed period of time had been prescribed in connection with such action, and the member persists in failing to fulfill its obligations;

3. The member has been informed in reasonable time of the complaint against it and given an adequate opportunity to state, both orally and in writing, any fact or legal argument relevant to the issue before the Fund."

At one stage we almost reached an affirmative vote on the above interpretation but the Indian and Scandinavian Directors asked for time to consult their Governments and the Belgian Director had some reservations about the wording. The Czech spokesman maintained throughout the discussion that the suggested decision was quite inadequate in that no interpretation was provided for Article XV, Section 2(a), particularly whether the phrase "fails to fulfill" means the mere fact of non-fulfillment or non-fulfillment without a valid justification recognized by International Law (i.e., national security). In the circumstances the Czech delegation has reserved its position on the question of interpretation pending an opportunity to consult with its Government. On the relevance of the question of national security most speakers took the line that while this factor would be considered in deciding what action to recommend under Section 2(b), it did not provide an automatic exception from the obligations of the Articles of Agreement and therefore could not be invoked to interpret Article XV in the sense suggested by the Czechs.

In addition to Frank Southard, statements on the substance of the United States complaint have now been made by the United Kingdom and Australian Directors, the Latin American representatives, and the Director for India. Increasingly it looks as though there will be a pretty overwhelming vote for expulsion. Rickett for the United Kingdom has stated that he will support the United States complaint without reservation (a shift in position), as have the Latin American Directors. The Australian representative, while regretting the necessity of considering the expul-

sion of a member, has also implied that he will vote for compulsory withdrawal. Only the Indian Director, with some support from the Far Eastern representative, has argued for continued Czech membership. Prasad has pointed out that Czechoslovak non-cooperation has arisen from action which it considers has been taken against it by the United States, that the failure of Czechoslovakia to provide information has not hurt anybody or greatly impaired the Fund's work, that Czechoslovakia has already been declared ineligible and that no particular advantage would flow from its expulsion and that expulsion would be a more severe penalty than the Fund has taken in respect to members which have been in breach of other Articles of Agreement.

In response to these arguments Southard and others who are in favor of compelling Czechoslovakia to withdraw, have drawn a pretty clear distinction between the conduct of members who, although in technical breach of one or other of the obligations, have continued to consult and cooperate actively with the Fund, and Czechoslovakia which has not. A good deal has also been made of the point that the supply of information is a basic obligation and is vital for the effective discharge of the Fund's duties.

The United States Executive Director has privately circulated the attached draft decision, which you will see recommends that Czechoslovakia be expelled as of December 31, 1954, unless the Executive Board determines prior to then that Czechoslovakia has provided the information required and entered into consultation with the Fund. In accordance with instructions, I would propose to support this decision when it is put forward on August 11.

Yours sincerely,
J.H. WARREN

242. BCA/220-25C-3

Le représentant suppléant auprès du Fonds monétaire international au gouverneur suppléant de la Banque du Canada

Alternate Representative to International Monetary Fund to Deputy Governor of Bank of Canada

Washington, August 11, 1954

Dear Jim [Coyne]:

POSSIBLE EXPULSION OF CZECHOSLOVAKIA

The Executive Board this morning completed its action on the U.S. complaint against Czechoslovakia. I attach a copy of the decision taken, the effect of which is to recommend that Czechoslovakia be required to withdraw from the Fund as of December 31, 1954 unless the Executive Directors determine prior to then that Czechoslovakia is supplying the information required under Article VIII, Section 5 and has entered into consultation under the provisions of Article XIV, Section 4.

Those supporting the recommendation were, in addition to the United States, the Directors for the United Kingdom, Australia, the Southern European countries, Germany, China, the Far East, the two South American Directors and Canada. The Directors for India, the Middle East, Scandinavia, and, surprisingly, Belgium and the Netherlands and France disassociated themselves from the decision. The action of these three Directors was unexpected and apparently reflected last-minute instructions received from their Governments.

The Netherlands representative indicated that in his opinion the recommendation for expulsion was too severe in the circumstances. Godeaux for Belgium took the line that the recommendation was undesirable because it seemed to close the door to possible improved relations between Czechoslovakia and the Fund at some future time. Saad, the Middle Eastern Director, opposed the recommendation on the grounds that the question of national security raised by the Czechs was a matter of international law which could not properly be dealt with by the Board; for this reason he considered that only a factual report on the situation should be made to the Board of Governors. Prasad (India), the most vigorous spokesman against action leading to expulsion, came closest to supporting the Czechoslovakian contention that they were justified in withholding economic information from the Fund. His final statement was *inter alia* to the effect that the Board had not given adequate consideration to the national security case advanced by the Czechoslovak representatives. In this connection he seemed to suggest that the Board should have gone into the counter-charges levelled at the United States by Czechoslovakia in order to form a judgment whether the reaction of Czechoslovakia, i.e., the withholding of information, was justified. He again brought out the point that no positive advantage would accrue to the Fund by Czechoslovakian withdrawal.

The French spokesman indicated that his Government was quite prepared to recommend that Czechoslovakia withdraw at the end of the year, but considered the question of whether or not before that time Czechoslovakia had rectified the situation by supplying the required information and entering into consultation should be reserved to the Board of Governors, and not left to the discretion of the Executive Board. This point may well come up in the Annual Meeting — as a practical question I doubt that it matters too much one way or the other except perhaps that a decision by the Executive Directors would be administratively more convenient.

In the end there was no vote and the decision was taken as the "sense of the meeting". The record will, of course, show which countries supported the decision and which contracted out for one reason or another.

The first business at the opening of the meeting was to take a decision on the interpretation of Article XV, Section (2). I attach the text of the interpretation adopted,† which was approved without a vote. The Indian Director made a statement for the record to the effect that in his view the interpretation was narrowly legalistic, did not deal with some of the broader points raised by the delegation of Czechoslovakia and showed rather less flexibility than had been the case in previous Board interpretations of other Articles of the Agreement.

As soon as the interpretation had been adopted, and not unexpectedly, the Czechoslovakian representative, in accordance with Article XVIII (b), asked that

the matter be referred to the Board of Governors. He also asked that further consideration of the case be deferred until the Governors had given their decision on the question of interpretation. The ruling was that while Czechoslovakia was fully within its rights in appealing the Board's interpretation to the Governors, there was nothing in Article XVIII (b) to prevent the Executive Board from going ahead and making its recommendation on the substance of the United States complaint.

As the matter now rests, there will be two questions in relation to the Czech case before the Governors; first, the appeal from the Board's interpretation of Article XV, Section (2) and, second, the action to be taken on the Executive Board's recommendation arising from the United States complaint.

You will be receiving copies of the corrected verbatim transcript of today's meeting as soon as they are available.[70]

Yours sincerely,
J.H. WARREN

4e PARTIE/PART 4

ACCORD INTERNATIONAL PROPOSÉ SUR L'ÉTAIN
PROPOSED INTERNATIONAL TIN AGREEMENT

243. PCO

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

Memorandum from Acting Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 130-54 [Ottawa], May 13, 1954

CONFIDENTIAL

PROPOSED INTERNATIONAL TIN AGREEMENT

On November 4, 1953, the Cabinet approved of Canadian participation in the United Nations Tin Conference which convened in Geneva on November 16, 1953 and from which emerged a proposed International Tin Agreement designed to stabilize international trade in tin by preventing the development of either shortages or burdensome surpluses. This Agreement calls for the establishment of an International Tin Council in London on which both producers and consumers would be represented with the voting power of each producing country related to its past production and that of each consuming country to its past consumption. A buffer stock (financed entirely by producers) will be established which, together with pos-

[70] La décision du Conseil exécutif fut adoptée par le Conseil des gouverneurs lors de sa neuvième assemblée annuelle, qui a eu lieu à Washington, du 24 au 29 septembre 1954.
The Executive Board's decision was accepted by the Board of Governors at their Ninth Annual Meeting, Washington, September 24 to 29, 1954.

sible export and (indirectly) production restrictions, will be used to maintain fluctuations in prices within a given range. The Agreement establishes, as an initial basis for operations, a floor price of £640 (sterling) and a ceiling price of £880 (sterling) per long ton.

2. As Cabinet was informed in a Memorandum of November 3, 1953, Canadian import requirements for tin are not great and the direct interest of Canada on a tin agreement is small. The initial price range in the proposed Agreement was arrived at after intensive negotiations and is subject to alteration by the Council on which Canada and other consumers would have votes equal to those of the producers. The proposed Agreement would involve no commitments for Canada to impose domestic controls or to agree to import quotas. Except for membership fees, the proposed Agreement would impose no direct financial obligations on Canada. The question of Canadian participation in the Agreement would therefore appear to be affected primarily by broader economic, strategic and political considerations.

3. It will be recalled that when the question of Canadian participation in the United Nations Tin Conference was before the Cabinet, it was recognized that the Canadian attitude toward a possible tin agreement would depend in part on the willingness or the unwillingness of the United States to participate. On March 5, 1954, the United States formally advised interested governments, including Canada, of its decision not to sign the Agreement, apparently for a variety of reasons including the domestic political situation. At the same time, the U.S. Administration announced its conviction that the Agreement could operate without the participation of the United States and that the United States would have no objections should other governments decide to proceed with it. Privately, U.S. officials have indicated that the attitude of the U.S. Government goes further than "benevolent neutrality"; it is apparent that the Executive Branch of the United States Government are anxious to have the Agreement come into force and are prepared to give informal encouragement to other countries to take part.

4. The decision of the United States not to participate in the Tin Agreement has meant that the attitude of less important consuming countries with respect to participation will be of major importance in determining whether the Agreement is to come into force or not. A rough analysis has led to the conclusion that the attitude of Canada may well be decisive. Representatives of a number of interested governments, including those of the United Kingdom, Belgium, and the Netherlands, have expressed the strong hope that Canada will accede to the Tin Agreement.

5. The question of Canadian participation has been examined by the Interdepartmental Committee on External Trade Policy. It was noted that the successful operation of the Agreement might represent a useful contribution to the economic and thus to the political stability of tin producing areas. It was observed that Canadian association with Asian countries, not only in the Commonwealth but also in the Colombo Plan, lends special weight to this consideration. From the strategic standpoint, the view was expressed that an effective tin agreement might well lessen possible emergency shortages of tin. It was suggested that the Agreement, with its provisions for consumer participation, might be preferable to the likely alternative of a producer cartel. It was noted that most of the countries interested in this agree-

ment are already parties to the Wheat Agreement and that the attitude of certain other countries (e.g. the United Kingdom) toward the Wheat Agreement might conceivably be influenced somewhat by our decision on tin. The general view of the Interdepartmental Committee was that, for political reasons, it might be desirable for Canada to participate especially since there appeared to be no disadvantages for Canada in such participation.

6. Consideration should be given to the possible desirability of:

(a) giving authority to N.A. Robertson, Canadian High Commissioner in the United Kingdom, to sign the International Tin Agreement, subject to ratification;[71]

(b) informing other interested Governments of the decision of Canada to sign the Agreement. Where appropriate the reasons for the Canadian decision — including our interest in the future of the Wheat Agreement — should be communicated to interested governments.

7. In the event that a favourable decision with respect to Canadian participation is reached, Ministers may wish to consider the manner and timing of any discussion of the Agreement in the Canadian Parliament. In this respect, it will be recalled that when the International Sugar Agreement was tabled in the House, an announcement was made of the intention of the Government not to accede to the Agreement until the House had an opportunity to study its provisions and to offer any comments or submit any questions with respect to its provisions. This opportunity to discuss the Sugar Agreement is to be afforded to the House when the estimates of the Department of Trade and Commerce are under consideration.

BROOKE CLAXTON

[71] Approuvé par le Cabinet, le 20 mai 1954. Voir aussi *Recueil des traités*, 1956, N° 9.
Approved by Cabinet, May 20, 1954. See also *Canada Treaty Series*, 1956, No. 9.

CHAPITRE III/CHAPTER III
ORGANISATION DU TRAITÉ DE L'ATLANTIQUE NORD
NORTH ATLANTIC TREATY ORGANIZATION

PREMIÈRE PARTIE/PART 1

REVUE ANNUELLE ET LA POLITIQUE D'AIDE MUTUELLE
ANNUAL REVIEW AND MUTUAL AID POLICY

244. DEA/50030-L-11-40

Le chargé d'affaires de l'ambassade en Grèce
au sous-secrétaire d'État aux Affaires extérieures

Chargé d'Affaires, Embassy in Greece,
to Under-Secretary of State for External Affairs

LETTER NO. 236 Athens, May 27, 1954

SECRET

CANADIAN MUTUAL AID TO GREECE

I am prompted to write to you following the recent visit of Air Commodore Millard and Wing Commander Fincham of the R.C.A.F., with whom I discussed various aspects of the Canadian Mutual Aid Programme for Greece, and upon further consideration of the present Mutual Aid machinery. There is no doubt that the present machinery, insofar as Canadian aid is concerned (as described so fully in your memorandum attached to your despatch No. D-31 of February 1, 1954)† is cumbersome and slow to the extreme. Even more important, it certainly does not allow Canada to obtain the maximum credit due to our country for its very substantial contributions to our fellow members of NATO. Because Standing Group's approval is always required, and because bids are submitted by recipient countries to Standing Group in the first instance, it makes it very difficult to preserve the purely Canadian nature of our various contributions. Even though it is true that the Canadian Government in the end must first approve Standing Group's recommendations, undoubtedly the S.G. calls the tune and, in effect, directs the Canadian taxpayer's dollars to particular NATO countries. From the standpoint of the Canadian mission in Greece, for example, this means that very often Canadian Mutual Aid is confused with American Military Aid, in some form or other, and full credit is not given to us. (Such confusion is very likely to become even more evident when, as I was horrified to learn, a newly-affiliated NATO staff officer (American) serving as a liaison officer on the Greek General Staff, expressed his complete ignorance about Canada's Mutual Aid Programme to Greece.) I think it was, therefore, a very good thing that the R.C.A.F. sent its own officers to Greece to discuss Canada's F-86 jet programme direct with the Greek Air Force. I believe that Air Commodore

Millard has suggested that an R.C.A.F. officer be attached to our Embassy for the purpose of dealing with the many details connected with our jet programme for this country. This, too, is, I believe, an excellent idea and should be implemented. Nevertheless, I think that Canada will not obtain the full credit due to her unless some new NATO machinery can be developed to enable the needs of NATO countries, such as Greece, to be submitted direct to the Canadian Government when Canadian equipment is required. We could determine their availability and then initially assess for ourselves the desirability of filling the request. NATO Standing Group advice would, of course, be sought, especially on a large transfer, such as that of our F-86's. It is on smaller requests, such as aircraft spares, that the slow and awkward machinery becomes so manifest. I was told, for example, that if Canada knew that a certain type of piston were required by Greece, this could have been included on Canada's availability list and usefully disposed of.

2. I am not sufficiently acquainted with the technical details to make intelligent recommendations at this time for improving the system. However, I do believe that it would be most worthwhile for the Head of our NATO Division to have a lengthy discussion with Air Commodore Millard who, I feel sure, will be pleased to outline the difficulties which he has from the matériel point of view. From the point of view of proper publicity and credit for Canada's very substantial Mutual Aid contribution to her NATO allies, and to ensure that the Americans do not always call the tune in countries such as Greece (which they are wont to do following the very substantial American aid of various sorts given to Greece in the past several years), I think that active consideration should be given to ways and means of changing the machinery so as to make it more direct. This would not only result in countries such as Greece realizing that Canadian Mutual Aid is quite separate and distinct from American, but it would, I am told, greatly reduce the long timelag under the present system between the first step and the last step, i.e., the actual delivery of the equipment. Furthermore, it would enable us to know what was required before drawing up our availability lists, and it would establish a closer direct working relationship between the Greek and Canadian armed forces.

3. I might perhaps illustrate the type of irritation with which I am constantly confronted by citing two recent examples, both having to do with American (i.e., Standing Group ?) influence. When this has to do with the Canadian Government's Mutual Aid Programme, I think it is time that we sat up and took notice. In a recent conversation which we had with a First Secretary in the American Embassy, we mentioned that we might, at some stage, have a Canadian Air Force officer attached to the Embassy to deal with our jet programme. (He, or course, already knew — well before we did — that Canadian jets would be given to Greece — a further irritant!) His first reaction was that this was a natural thing for us to do "to protect our tax-payers' money". But then he said, "I hope that he won't make any suggestions (to the Greeks) which are contrary to the 'advice' which we are giving them." A more important example is concerned with the question of Canada training Greek pilots or other aircrew members under the other phase of our Mutual Aid Programme. At a small informal dinner given by the Greek Air Force for Millard and Fincham, I casually asked Air Vice Marshal Doukas, the youthful Deputy Chief of the Greek General Staff, whether the Greeks had contemplated requesting

air crew training for Greek airmen in Canada. He said they would like to very much but that the Americans (sic) had said "No!" I gathered that the Americans had told the Greek Air Force that if they sent aircrew for training in Canada they would not receive all the American military aid promised them. As it was not convenient to seek further details at that time, I did not pursue the subject. However, I think it is worthwhile mentioning it to you at this time, particularly as I heard something else about American opposition to Canadian aid for Greece a few days ago. Mr. Eli Dimitracopoulos, an energetic though sometimes not too reliable Greek journalist for the Athens newspaper *Kathimerini*, recently returned to Athens after a visit of several weeks to the United States (and Montreal). While in Washington, he told me that he had several talks with our Admiral deWolfe (Chairman, Canadian Joint Staff), of whom he spoke in glowing terms. Dimitracopoulos mentioned that the Americans had been opposed to Canada supplying jet aircraft to Greece and to the training of Greek aircrew in Canada, but that some, at least, of the difficulties had been finally overcome through, I gathered, Canadian efforts in Washington. As Dimitracopoulos is a reporter, I did not press him for details, but I could easily do so. I could also, if you wish, call on Air Vice Marshal Doukas and obtain further information from him because he is a close neighbour of mine. However, before doing so, I wanted to consult the Department to find out how interested we are in taking some initiative in this matter. Up to then, I had thought that Greece just wasn't interested in training its aircrew in Canada. I naturally wonder what this so-called American "opposition" is all about.

4. In summary, therefore, I would suggest

(1) that the Head of our NATO Division have a talk with Air Commodore Millard about his matériel problems under the present NATO Mutual Aid set-up;

(2) that, after that talk, (not only to assist Millard's work but, more important, to promote the realization of the true nature of Canadian Mutual Aid and to give Canada more direct initial say in the allocation of its equipment and more direct contract with Greek (in my case) military officials, without American "interference"), active consideration be given to trying to have the machinery streamlined and altered to some extent; and

(3) that we find out why the Americans are opposed to Canada training Greek aircrew and, if the reasons are not sufficiently valid from Canada's point of view, that we pursue the matter further with the Greek authorities. As you know, Greece is one of the very few NATO countries which does not participate in Canada's NATO air training programme.

5. While on the subject of Canada's Mutual Aid Programme for Greece, I should like to raise the question of publicity for our contribution of F-86 jet aircraft to Greece. You will recall that as long ago as last March (our letter No. 158 of March 29th),† we suggested that simultaneous press releases be made in Ottawa and Athens. Not having heard from you about such a press release, and having taken up, on your instructions, the question of having a public ceremony to mark the arrival of the first Canadian jets in this country, we assumed that you had decided not to publicize this contribution until the proposed public ceremony took place. On their part, the Greek authorities have conscientiously avoided up to now making any

public reference to the gift of Canadian aircraft. However, today's Greek newspapers carry an announcement, apparently originating in the Department of National Defence, Ottawa, that Canada is giving 27 F-86 aircraft to Greece and to Turkey. Probably the visit of the Chief of the Turkish Air Staff influenced this decision to make the matter public at this time, but nevertheless, from our point of view, you will appreciate that it would have been infinitely better for a release to have been made simultaneously in both capitals. Incidentally, I should appreciate knowing as soon as possible when the first aircraft will be delivered to Greece and consequently when the Public Ceremony is to take place. I should also appreciate confirmation that it is your intention that the ceremony take place here in Athens. Air Commodore Millard seemed to be under the impression that our plan was to have the ceremony in the United Kingdom. Needless to say, such a locale would be most undesirable as there is already enough confusion in the Greek public mind about Canada, the United Kingdom and the Commonwealth. In any event, the U.K.'s standing in Greece at the present time is beclouded by the Cyprus issue. I might also mention that Millard told me (and, subsequently, an officer of the Greek General Air Staff confirmed this to me) that the Greek Government is making arrangements with the American Air Force to fly our aircraft to Greece from the United Kingdom. This is an understandable economy move on Greece's part as we do not pay the transportation bill. However, from the point of view of retaining, for publicity purposes, the purely Canadian nature of this contribution, I wonder whether it might not be possible for at least the first of these aircraft (the one or ones to be used for the public ceremony) to be flown to Greece by the R.C.A.F. I think that you will agree that such an arrangement would be much more desirable. I shudder to think what confusion would be created if the photographers snapped pictures of an American aircrew stepping out of our first Canadian jet to reach this country.

6. This letter is far too long but I thought that it might be worthwhile for me to set down all of my rambling thoughts in the one spot. You might consider that some at least of them are worthy of serious consideration.

G.K. GRANDE

245. DEA/50107-D-40

Le secrétaire d'État aux Affaires extérieures à la délégation auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs to Delegation to North Atlantic Council

TELEGRAM 401 Ottawa, June 15, 1954

TOP SECRET. IMPORTANT.

Reference: Our telegram No. 374 of June 3.†

NATO ANNUAL REVIEW 1954

Following for submission to the NATO Secretariat is the Canadian statement on the 1953 Annual Review recommendations. Text Begins:

1. In their Resolution on the 1953 Annual Review, the North Atlantic Council requested member governments to furnish a brief written statement to the Council by 15 June, 1954, upon their progress towards implementing the firm force goals and the recommendations made to them, whether so far accepted or not.

2. Canada expects to meet the force goals agreed to for 1954 with the following forces at agreed standards of readiness.

(a) An Air Division of 12 squadrons of 300 day fighters.

(b) A Brigade Group in Europe, to be built up to a division as soon as possible after M-Day.

(c) A Naval force consisting of one carrier with two air groups and 42 escorts to be provided at various times between M-Day and M plus 180.

(d) Provision of 28 maritime aircraft.

3. With regard to the recommendations made to Canada during the 1953 Annual Review, it will be recalled that the Minister of National Defence, at a meeting of the North Atlantic Council in December, 1953, made a statement in which he emphasized that Canada had now arrived at the point where a large percentage of the defence budget is being taken up with the maintenance of the forces in being, with the resultant effect that there is not very much latitude for changes in policy or for increased commitments in any direction.

4. The question of additional requirements under the Canada-US Regional Group is being given further consideration since the release of information that the Soviet Union may have available after 1956 the H-bomb and the facilities for delivering this type of weapon to the North American Continent. The radar network and associated interceptor forces are being built up as rapidly as practicable. In addition, a further early warning chain is to be constructed beyond the settled part of Canada. It should be borne in mind that this increased air defence of the Canada-US Region will be an additional drain on the man-power and resources available for defence purposes.

5. Four of the recommendations contained in the Canadian Country Chapter of the 1953 Annual Review may be considered major problems. These refer to the provision of a wing of all-weather fighters for SACEUR, the timing of the first division, the improvement in time-phasing of naval vessels and the increase in numbers of naval vessels and maritime aircraft.

6. With regard to all-weather aircraft, provision of a wing of all-weather fighter squadrons in addition to the existing four wings of day interceptors is not possible. However, the implications of the substitution of all-weather fighters for a proportion of the day interceptors now assigned are being explored.

7. Canadian views on the timing of the first division have not changed. It is understood that the problem of the transportation of troops is at present under study by the Standing Group and our detailed views, including our movement problem, have been forwarded to the Standing Group.

8. Canada is continuing studies to determine what improvements in time-phasing of existing ships in Reserve can be accomplished. Every effort will be made to increase the availability of escort type ships, but until the current studies are completed, no changes in the present assignment of Naval Forces can be considered. Plans and specifications are in preparation for a 24 knot A/S escort vessel suitable for rapid production in wartime. Until the current programme for replacing present maritime aircraft is completed, it will not be possible to consider an increase in the number of patrol aircraft allotted to NATO.

9. With regard to providing replacement of Canadian type equipment held by European NATO countries, our comment on this recommendation during the 1953 review still stands. As for the problem of increasing and expediting production of all-weather aircraft, we are endeavouring to establish an economic rate of production which will ensure that the aircraft industry can be maintained over a prolonged period.

10. The remaining recommendations refer primarily to logistic support of Canadian forces. The implications of these recommendations have been and are being considered carefully. This consideration is expected to result in improvements to the present logistic support situation. Text Ends. Message Ends.

246. DEA/50030-L-4-40

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

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

DESPATCH E-895 Ottawa, June 21, 1954

SECRET

PROPOSED SUBSTITUTION OF SWIFT AND HUNTER AIRCRAFT FOR THE F-86'S SUPPLIED BY CANADA TO THE UNITED KINGDOM UNDER MUTUAL AID

Attached, for your own background information, is a very tentative draft Memorandum on this subject which was discussed on June 15 by the Panel on Economic Aspects of Defence Questions. Also attached, for your information, is a copy of a memorandum to the Acting Under-Secretary† which was prepared prior to the discussion of this subject by the Panel.

2. The conclusion reached by the Panel and subsequently agreed to by Mr. Pearson and Mr. Claxton was that the U.K. and U.S. authorities might be approached and informed that the proposed transaction contains elements which might be embarrassing to Canada and which might create difficulties in securing support here for future mutual aid programmes unless the transaction is carried through with considerable care. It is expected that the matter will now be discussed by Cab-

inet where the final decision will be taken as to the attitude which the Government intends to adopt.[1]

3. I should emphasize that the material contained in this despatch and its enclosures is solely for your own information at this stage.

R.A. MACKAY
Acting Under-Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

Projet d'une note pour le Comité du Cabinet sur la défense

Draft Memorandum for Cabinet Defence Committee

SECRET [Ottawa], June 19, 1954

F-86 AIRFRAMES SUPPLIED TO THE UNITED KINGDOM UNDER THE CANADIAN MUTUAL AID PROGRAMME

Following a Cabinet decision on October 3, 1951, the United Kingdom was supplied with some 370 F-86 airframes, with necessary spares, to a total value of approximately $71 million. (The bulk of the engines for these aircraft was supplied by the United States under its military aid programme). In addition, consistent with our general policy governing the provision of spares for equipment supplied as mutual aid, Canada is now supplying spare parts for the maintenance of the airframes which were transferred to the United Kingdom.

It has been learned through Canadian service channels that the United Kingdom wishes to trade its present holdings of F-86 aircraft (including equipments supplied by Canada) for U.K.-produced Hunter aircraft which the United States have already undertaken to purchase with U.S. military aid funds. It is understood that the United States would then re-transfer the F-86 aircraft as U.S. mutual aid to other countries such as Italy, Western Germany (after ratification of the EDC or similar treaty) and Yugoslavia.

The United States Air Force has emphasized that from the logistic standpoint, the proposed transaction with the United Kingdom makes sense. It would permit the grouping of Hunters in Northwestern Europe, i.e. the United Kingdom, Holland and Belgium, with the United Kingdom being in a position to maintain them. The F-86s would be grouped in Southern Europe, i.e. Italy, Greece, Turkey and Yugoslavia. Despite the apparent military advantages, it is obvious that other factors are involved in this general type of arrangement which require careful consideration. Even though title to these aircraft has formally passed to the United Kingdom, it would seem essential to avoid any possible misunderstanding and hence criticism of the arrangement in Canada. The effect on other NATO countries, many of whom were anxious to receive these aircraft originally, must also be considered.

[1] Approuvé par le Comité du Cabinet sur la défense le 25 juin 1954/Approved by Cabinet Defence Committee on June 25, 1954.

This problem has now been examined by the Panel on the Economic Aspects of Defence Questions which has recommended further discussion with the U.K. authorities in order to make our views known. Accordingly with the concurrence of the Secretary of State for External Affairs, I recommend that

(a) The Canadian High Commissioner in London together with the Chairman of the Canadian Joint Staff in London should be authorized to discuss this matter formally with the appropriate United Kingdom authorities and indicate to them that the proposed transaction contains elements which might create difficulties in securing support in Canada for future mutual aid programmes unless the transaction is handled with considerable care. While the F-86 aircraft and related equipment were made available by Canada (following a Standing Group recommendation) with no legal strings attached, they were supplied under Canadian legislation designed to increase the individual and collective capacity of NATO to resist aggression. Accordingly, we would expect that if there is no longer a U.K. requirement for the equipment, the United Kingdom would request the Standing Group to approve the suggested exchange of aircraft so that, if necessary, the Canadian public could be informed that the transaction had been determined by the NATO authorities to be in the best interests of the defence of the NATO area. In this connection, it would be made clear to the U.K. authorities that any public statement regarding the transaction should be agreed to by the Canadian Government. With respect to the provision of spares for the overhaul of these aircraft, U.K. authorities should be advised that it is Canadian policy to provide, when practicable, continuing spares as mutual aid for aircraft transferred to NATO countries in order to keep them in operation for the defence of the NATO area. In accordance with this policy Canada will continue to make available to the United Kingdom maintenance spares in a generous amount while the Canadian airframes remain in its possession. It would however be contrary to Canadian policy to provide as mutual aid overhaul spares intended to make the F-86 aircraft available for purposes other than those of the original allotment. There would of course be no objection to the United Kingdom purchasing additional spare parts from Canada, if necessary, for overhaul purposes; and

(b) that the Canadian Ambassador together with the Chairman of the Canadian Joint Staff in Washington should be authorized to discuss this matter formally with the appropriate U.S. authorities and inform them that Canada is requesting the United Kingdom to seek the Standing Group approval of the transaction in order to give assurance to the Canadian public if necessary, that this exchange of aircraft does in fact improve the NATO defence position, for which purpose the early allotment of F-86s was provided. If the Standing Group endorses this proposal Canada would not have any objection to the proposed U.S.-U.K. exchange of F-86s for Hunter aircraft.

247. DEA/50030-L-4-40

Projet d'un télégramme du secrétaire d'État aux Affaires extérieures[2] *à la délégation auprès du Conseil de l'Atlantique Nord*

Draft Telegram from Secretary of State for External Affairs[2] *to Delegation to North Atlantic Council*

SECRET [Ottawa], July 8, 1954

Reference: Your telegram No. 178 of March 17, 1954.†

DISPOSAL BY EUROPEAN COUNTRIES OF MUTUAL AID EQUIPMENT

Your telegram requested guidance as to the proper procedure for the disposal by Norway of Norseman aircraft received from Canada under mutual aid and now surplus to Norwegian requirements. It is understood that, as there was no other NATO requirement, these aircraft were "cannibalized" and used to meet Norwegian spare parts requirements. While this particular problem has been solved satisfactorily, it has been necessary to give careful consideration here to the policy questions involved with a view to providing you with general guidance for the future.

2. As you know, Canadian mutual aid equipment is supplied to NATO countries with no legal strings attached. On the other hand, under the U.S. military aid programme, title to equipment transferred to NATO countries cannot be transferred without the express consent of the U.S. Government. Moreover, arrangements are made with recipient nations for the return to the United States of equipment or materials no longer required for the purpose for which they were originally made available. The reason for this difference between the Canadian and the U.S. mutual aid programmes is of course obvious. Canada relies on the Standing Group (or the Secretariat) to recommend an allocation of equipment made available and hence complex agreements between Canada and the recipient government governing the end use of the equipment, its eventual disposition etc. have not been considered desirable or appropriate. It is assumed that the allocation recommended by the Standing Group would maximise the individual and collective capacity of NATO to resist aggression.

3. In order to make our position clear, consideration is being given here to the desirability of requesting you to make a statement before the NATO Council, at some appropriate opportunity, setting forth the Canadian Government's desiderata with respect to any re-transfer of Canadian mutual aid equipment originally offered through the Standing Group. In such a statement you might indicate that Canadian military aid equipment was supplied under Canadian legislation designed to increase the individual and collective capacity of the NATO Countries to resist aggression. Accordingly, the Canadian Government would expect that where a significant amount of Canadian mutual aid equipment was no longer required by the original recipient and where it would appear that a NATO requirement for the equipment might exist, the Canadian Government would expect that the equipment

[2] Non envoyé/Not sent.

would be made available through the Standing Group to meet such a requirement. Your statement might also point out that the adoption of any other procedure for the re-transfer of Canadian mutual aid equipment might create difficulties in securing support in Canada for future mutual aid programmes. You might also request that any public statement regarding the re-transfer of Canadian mutual aid equipment in individual cases should be agreed to by the Canadian Government.

4. You will recognize that before any statement such as referred to in the previous paragraph is made, the approval of Ministers would have to be obtained. Before seeking such approval, I should appreciate any comments which you may have to offer.

248. DEA/50030-L-4-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1216 Washington, July 8, 1954

SECRET. IMPORTANT.

Reference: Your telegram EX-1160 of July 3.†

CANADIAN MUTUAL AID PROGRAMME: F-86 AIRFRAMES SUPPLIED TO THE UNITED KINGDOM UNDER THE CANADIAN MUTUAL AID PROGRAMME

In accordance with your instructions, we called yesterday at the State Department on Ben Moore, Director of the Office of European Regional Affairs, to express the views of the Canadian Government on the proposed exchange of aircraft by the United Kingdom. We were represented by LePan, Brigadier Bishop (who is acting as the Chairman of the Canadian Joint Staff in the absence of Admiral De Wolf) and McCardle. Horsey, the Officer in Charge of Commonwealth Affairs at the State Department, and Kranich of Moore's office, were also present.

2. We began by outlining the factual basis for our representations as it had reached us through service channels. We said that the Canadian Government had learned that the United Kingdom wishes to exchange the F-86 aircraft which it now holds for Hawker-Hunter fighters produced in the United Kingdom and to be paid for by the United States out of mutual security appropriations. It was our understanding that, according to present plans, the F-86's would be re-allocated to Italy, Western Germany, and Yugoslavia. The Canadian interest in this transaction arose because 370 F-86 airframes had been supplied to the United Kingdom by Canada under our mutual aid programme at a cost of approximately $103 million. We also referred to the very tentative approach that had been made to us early in May by the Canadian Desk at the State Department, at which time it was indicated that a note on this subject might be expected shortly. In the event, however, the note had been held up.

3. There were two points which we wished to make in connection with this proposed transaction, we explained. In the first place, the Canadian Government did not wish to stand in the way of this exchange if suitable arrangements could be worked out. It was appreciated in Ottawa that there might well be considerable logistic advantage in a regrouping which would result in the United Kingdom and the low countries using Hawker-Hunter fighters while F-86's would, for the most part, be concentrated in Southern Europe. This point, however, hardly required elaboration, we thought, since it had already been made through Canadian service channels.

4. The second point was new and therefore required more stress. The proposed transfer had been considered by the Defence Committee of the Canadian Cabinet and a decision had been reached that Canada could not disinterest itself in it. It was true that title to the F-86 airframes had passed to the United Kingdom with no legal strings attached. But the airframes had been supplied by Canada to the United Kingdom under legislation which was designed to increase the individual and collective capacity of NATO countries to resist aggression. There might be misunderstanding and criticism in Canada if it could be charged that the airframes were not being used in accordance with the intent of the legislation. For this reason, the Canadian Government had a number of suggestions to make concerning the way in which the transfer should be arranged and the way in which it should be announced and presented. Accordingly, the Canadian High Commissioner in London and the Chairman of the Canadian Joint Staff there had been instructed to tell the United Kingdom authorities that, if there was no longer a requirement in the United Kingdom for the airframes, the Canadian Government would expect the United Kingdom to request the Standing Group to approve the suggested exchange so that, if need be, the Canadian public could be informed that the transaction had been determined by the NATO authorities to be in the best interest of the defence of the NATO area. It was also being pointed out to the United Kingdom authorities that the form of any announcement of the transfer would be of interest to the Canadian Government and that its agreement should be sought in advance on the text of any public statements or releases.

5. We then explained the position of the Canadian Government concerning the supply of spare parts for these airframes. At present Canada was providing spare parts to the United Kingdom, under its mutual aid programme, on the basis of recommendations made by the Standing Group. If, as a result of the proposed exchange, some, or all, of these aircraft were to be re-allocated to other NATO countries, the Canadian Government would be willing to consider supplying spare parts under its mutual aid programme, provided that the Standing Group made a recommendation to that effect. Under Canadian legislation, however, it would not be possible for Canada to supply spare parts under its mutual aid programme to other than NATO countries. Further, it was assumed in Ottawa that it would not be United States policy to request Canada to provide mutual aid in the form of spare parts to the United States.

6. After this initial statement of Canadian views had been made, Brigadier Bishop added that it was the hope of the Canadian authorities that the Standing Group would approve, not only the exchange of aircraft between the United Kingdom and

the United States, but also their ultimate re-allocation by the United States to other countries. He indicated further that he had already spoken to General Whiteley, the United Kingdom representative on the Standing Group, about this matter and has stressed that any publicity given to the transfer should avoid casting reflection on the qualities of the F-86 as a fighter plane. General Whiteley had undertaken to bring this point to the attention of his service superiors in Whitehall. Brigadier Bishop hoped that it would be borne in mind by the United States authorities as well. He also drew attention to the possibility that public criticism of the transaction in Canada might make it more difficult in future to secure mutual aid appropriations from the Canadian Parliament.

7. Moore said that his initial reaction was that the Canadian conditions were reasonable. His only further comment was to re-emphasize the logistic argument in favour of the proposed exchange. Throughout, the transfer had been advocated by the United Kingdom authorities on these grounds and not at all because they doubted the qualities of the F-86's. Horsey said that it would be useful to the State Department if we could furnish them with the exact text of the relevant part of the Canadian legislation under which the airframes had been originally supplied by Canada to the United Kingdom. In answer to this request, we read out the text of the passage from the Defence Appropriations Act, 1950 as it is reproduced in the first para of the memorandum forwarded to us under cover of your despatch E-895 of June 21 to the High Commissioner in London. Moore and Horsey agreed that it would be useful to them in the consultations they must now have with the Department of Defence and with the Foreign Operations Administration if we could give them an aide-mémoire summarizing the Canadian views. Our immediately following telegram† contains the text of an aide-mémoire which we submitted this morning.

8. We received the impression from the State Department officials who were present at the meeting either that this question has been in abeyance for several weeks, or that the State Department has not been kept informed of the most recent developments. Horsey did make one off-the-record comment which is perhaps worth passing on to you, although we are not sure how seriously it should be taken. He said that he believed a deliberate attempt had been made by the United States service authorities to avoid submitting this matter to the Standing Group. Consequently, the Canadian representations, reasonable though they were, might necessitate an important change of thinking in the Pentagon.

249. DEA/50030-L-4-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1206 Ottawa, July 13, 1954

SECRET. IMPORTANT.

Reference: Your WA-1216 of July 8.

CANADIAN MUTUAL AID PROGRAMME: F-86 AIRFRAMES SUPPLIED TO THE UNITED KINGDOM

In accordance with the telephone conversation this morning between MacKay and LePan referring to paragraph 6 of your message, you should inform the State Department that the Canadian authorities would not expect that Standing Group approval would be sought for the ultimate re-allocation of these aircraft by the U.S. to other countries. As indicated in recommendations (a) and (b) of the paper approved by the Cabinet Defence Committee, our intention was to ensure that the proposed U.S.-U.K. exchange of Hunters for F-86's (insofar as the latter had been supplied by us under Mutual Aid) carried the endorsement of the Standing Group as being in the best interests of the defence of the NATO area. Such a determination by the Standing Group would make it clear that our Mutual Aid was serving the purpose specified in our legislation. We had not intended to become involved in the subsequent re-allocation of the F-86's once they had come into the possession of the United States.

Even if we might have desired to follow the transaction through the subsequent stages, it was our understanding that it would have been impracticable (if not contrary to U.S. law) to require that the United States secure the approval of the Standing Group for its proposed redistribution of the aircraft. In these circumstances, to have insisted on such a requirement might have prevented the U.S.-U.K. exchange from taking place. Moreover, it was doubted that these aircraft, once they had been turned over to the United States would be distinguishable from other F-86's of U.S. origin which the U.S. authorities might be distributing as military aid. Finally, it was by no means clear that we would be wise to lay down conditions regarding the possible retransfer of these aircraft, especially since non-NATO countries might be involved and neither we nor the Standing Group might wish to comment on the particular destinations proposed.

We understand that General Foulkes has also dealt with this subject in his message C.C.O.S. 83 of July 12† to the Canadian Joint Staff in Washington. In any approach to the State Department you will doubtless wish to keep in touch with the Joint Staff.

250. DEA/50030-L-40

L'ambassadeur en Turquie
au secrétaire d'État aux Affaires extérieures

Ambassador in Turkey
to Secretary of State for External Affairs

Ankara, July 26, 1954

Dear Mr. Pearson:

I am about to suggest that I be authorized to spend two or three days in Ottawa and I am putting the proposal in a personal rather than official letter so that it can be quickly and quietly turned down if you consider that such is the treatment it deserves. I had thought of writing to Bert MacKay but decided that I might thereby place him "on the spot" and so my letter is being directed to the level where a negative answer can be given without a twinge.

My experiences of the past 20 months have made it abundantly clear that there is lacking in Ottawa a full appreciation of conditions in this part of the world and in particular, of the situation in this country. We have had some frustrating experiences in the immigration and economic fields but they were not of sufficient importance to do more than create the hope that I could modify certain views and procedures when I get back on home leave.

In recent months, however, I have had cause for concern in connection with our Mutual Aid Programme. There have been a number of representations I have wanted to make concerning its operations but I think it could only be done effectively in person. For example, many months ago, I put forward some suggestions concerning our Air Training Program which were turned down by the Chiefs of Staff Committee, but I noticed in a document received a few weeks ago that Mr. Claxton had held a meeting of E[xternal] A[ffairs] and Nat[iona]l Def[ence] officials in which he uttered my exact words. I have no doubt that my correspondence failed to make my point with sufficient clarity.

I would like to place before Ottawa a suggestion, with supporting reasons, for a basic change in our Mutual Aid policy — at least insofar as Turkey is concerned. I would like to discuss the problem of English language training for Turkish pilots on which the Turks are pressing me. I might not achieve my objective but we could dispose of the matter, one way or another, on the spot.

While I would like to have a brief discussion with you on the general problems it is particularly with the Minister of Defense, Charles Foulkes and Bud Drury that I would like to sit down around a table. It would be time-saving — and in the long run money-saving — to have some direct conversations on these subjects.

Turkey is not Western Europe — although I fear that sometimes we act as though it were. The U.S. experience has been similar as witness the fact that during my period in Ankara, the U.S. Ambassador has been back to Wash[ington] four times and the head of the F.O.A. Mission three times to clear up matters in brief

discussions. I hasten to add that it has not been this U.S. "junketeering" which has sown the seed in my mind. The best evidence of this is that months ago I wrote to Bud Drury to see if he could come over here. I was in the midst of correspondence with Mr. Claxton about the possibility of his visiting Turkey, when he resigned. Then I wrote to Mr. Campney and he has explained quite understandably in a letter received to-day that it will be a little time before he could be in a position to undertake any such visits. I have had an exchange of correspondence with Charles Foulkes and while he finds the proposition attractive he cannot arrange it at the present time. All along I have felt that it would be preferable for the one man here to go back to the several in Ottawa but have not wished to be tabbed as a tourist. I put it forward at this time because I am confident that 3 days in Ottawa would produce benefits for both sides.

If the verdict of the jury is favourable I will then correspond with Bert [MacKay] concerning dates suitable to all concerned.

Best personal regards,
HERB [MORAN]

251. DEA/50030-S-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 559 Paris, July 27, 1954

CONFIDENTIAL. IMMEDIATE.

CHANGES IN NATIONAL DEFENCE EFFORTS

Following is text of a note circulated by Ismay:

"Recently there has been a tendency for member governments to take important decisions with regard to changes in their defence effort — sometimes after consultation with one of the Supreme Commanders concerned — without prior consultation within the framework of the Council.

2. May I remind my colleagues that Ministers at their meeting in April of this year "found no evidence that the ultimate aims of the Soviet Union has altered, and noted that the military strength of the Soviet Union and its satellites continues to increase. The Council therefore once more agreed upon the need for continuing efforts, vigilance and unity."[3] It is clear, therefore, that any changes in the NATO defence effort of individual member nations are of the greatest concern to the alliance as a whole.

[3] Voir/See Document 281.

3. It might perhaps also be argued that with increasing prosperity in the majority of the member countries, a continuance of defence efforts at the present level is becoming a less onerous burden.

4. But be that as it may, I think that we ought to be quite clear about the procedure which should be adopted when any country has it in mind to alter its defence effort. In this connection, I would remind my colleagues that the Council has, through the machinery used for the annual review, a method which can be used at any time for testing any proposed changes in national defence programmes in relation to the efficiency of NATO forces as a whole, and one by which the views of our principal military advisers can most easily be sought.

5. May we discuss this at our private meeting next Thursday, 29th July? Text ends.

6. You will note that the meeting on July 29 is a private meeting, and that, therefore, no formal decisions, procedural or otherwise, should be taken. Nevertheless, it may occur that Ismay, in summing up at the end of the discussion, will use some such phrase as "then we are all agreed". He could presumably justify such a statement if he were to argue that no new procedure is proposed but that the discussion has served to clarify procedures already in effect. We are not sure to what extent you would wish the Council to affirm explicitly the suggested degree of authority relating to individual national defence programmes. It is, however, not entirely easy to challenge the individual points made in Ismay's note, and accordingly we shall not object to an informal agreement (which the Council might at a subsequent meeting be asked to reaffirm in writing) unless we hear from you prior to Thursday morning.

252. DEA/50030-S-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM 500 Ottawa, July 28, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Your telegram No. 559 of July 27, 1954

NATO ANNUAL REVIEW

If Lord Ismay is suggesting that the Council endorse informally the Annual Review procedure as an appropriate method of effecting prior consultation on changes which member countries may propose in their defence efforts, we would raise no repeat no objection provided the practical limitations are recognized. For example, the Annual Review procedure does not always fit in with national timetables nor can it take account of emergencies which may affect national defence programmes.

2. On the other hand, if it is Lord Ismay's intention to establish a procedure which would oblige member governments to submit all changes and revisions in their defence programmes to the Council for prior approval, we should have to reserve our position. Such a proposal would have far-reaching implications touching on the present areas of national responsibility in the defence field. It could not repeat not be properly considered except at a Ministerial Meeting.

3. In any case, we are not repeat not in favour of the Council adopting any formal resolution on this matter at the present time.

4. We should be interested to know whether Lord Ismay's note was occasioned by any particular case (e.g. the Netherlands' recent change in the period of national service or reports of re-organization of the Belgium army)

253. DEA/50030-S-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 579 Paris, August 3, 1954

CONFIDENTIAL

Reference: Your telegram No. 500 of July 28.

NATO ANNUAL REVIEW

It had been intended that Ismay's paper would be discussed during the session on July 29. As matters developed, however, there was not time for such a discussion at that meeting, and accordingly it was put off until Monday, August 2. The discussion, preliminary and informal in nature, was perhaps less to the point as a result of the delay, for in the interval Ismay had gone on leave and the chair was taken by Van Vredenburg, who was presumably not completely aware of what Ismay had had in mind in sending around his note.

2. Aside from a few efforts to read Ismay's mind in absentia, the discussion was directed primarily to a search for cases in which some new procedure would be useful. In the course of this search, the SGLO emphasized the distinction between "slippage", i.e. a failure to fulfill accepted goals within the agreed time limit, and a definite decision to lower targets from the levels previously agreed. A further distinction was made between goals for the immediately forthcoming year, which as agreed in the Annual Review process constituted formal commitments on the part of governments, and planning goals for future years which should not be regarded as binding commitments.

3. It was recognized that there is a real procedural gap with regard to definite changes (as opposed to slippage). A country may in December undertake particular programmes for the forthcoming year, and for political or other reasons may decide perhaps in the following June that it wishes to reduce these goals. It is apparently

understood that any such reduction should be discussed with the Supreme Commander concerned, but this, of course, affords no parallel to the multilateral assessment of capabilities and requirements which the normal Annual Review process affords. Nevertheless, such changes in accepted commitments have an effect upon the programmes and policies of other NATO countries, and accordingly, it was suggested that there is a need for a procedure to provide at least for notification to other governments in advance of the decision being announced. The French representative, agreeing that such a procedure would be desirable, observed sardonically that this kind of problem could not be settled by procedural methods as there was little that other countries could do if a NATO member chose to dishonour its commitments.

4. The U.K. was in rather a special position during the discussion, as they accepted in principle the thesis outlined in Ismay's note, but were still studying the question, and were not yet prepared to participate in the preparation of a document defining an agreed procedure. It appeared that they have reservations not unlike our own concerning a formal commitment to go through a detailed NATO procedure with regard to changes in defence programming.

5. Van Vredenburg at the request of two or three representatives, agreed that a further study could be carried out by the Secretariat and a paper prepared. Such a paper would attempt to define the problem and to suggest a possible procedure for dealing with it. He proposed that such a paper should be discussed in the Annual Review Committee before examination by the Council.

6. The U.K. objected to this procedure, and asked that such a paper, if it were to be prepared, should be discussed by the Council itself in private session before any decision was taken with regard to its future handling. Since it was clear from the discussion that there was strong sentiment in favour of working out a procedure, we were pleased that the U.K. proposal proved acceptable. We consider that it is the least harmful manner in which to have the matter handled, and will, of course, let you know as soon as the secretariat paper appears.

7. In the meantime, we suggest that the discussion so far has brought out an important point. While many countries apparently believe that there is a procedural gap which should be closed, it appears to be generally accepted that this should apply only in the case of changes which would have a direct bearing upon formally accepted commitments. In other words, it would not apparently apply to "all changes and revisions in their defence programmes" (your paragraph 2) but only those which relate to international NATO commitments. In the second place, it does not appear that people have in mind so much "prior approval" by the council as an opportunity for other countries to be made aware in advance of the proposed changes and to take any related steps which they consider necessary in connection with their own programmes.

8. In conclusion, therefore, while it appears that a definite and binding procedure is going to be proposed, it does not appear probable that there will be any intention of having this procedure apply beyond the region of formally accepted commitments and even then, it would be designed rather more as a procedure of notification than as one involving surrender of sovereignty.

9. With regard to your final point, we have been unable to learn directly the cause of Ismay's initiative. We assume, however, that it is related to the recent Dutch and Belgian action in reducing their period of military service, and the probability that Denmark will take the same step (see our letter No. 2284 of July 29).† Message ends.

254. DEA/50030-L-9-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM 522 Ottawa, August 10, 1954

CONFIDENTIAL

Reference: Your telegram No. 178 of March 17, 1954.†

DISPOSAL BY EUROPEAN COUNTRIES OF CANADIAN MUTUAL AID EQUIPMENT

We regret that owing to the important policy consideration involved it has not been possible to date to send a formal reply to your telegram. You have however received a copy of National Defence letter dated June 14† suggesting that the Norwegians be told that we have no objection to their retaining Norseman aircraft either as a reserve or for cannibalization. It may be that in the absence of a formal reply from you the Norwegians have used the Norseman aircraft for these purposes. You might let us know whether this is the case.

As you know Canadian policy with respect with the disposal by European countries of the Canadian Mutual Aid equipment is being carefully considered here. This consideration was originally started as a result of the Norwegian query and received added impetus following the suggestion that the United Kingdom might transfer some of its F86 aircraft and equipment supplied by Canada. We hope to be able to consult you before recommending Ministerial approval of a Canadian policy in this respect. In the meantime any comments you may wish to offer would be most welcome.

255. DEA/50030-L-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 599 Paris, August 12, 1954

CONFIDENTIAL

Reference: Your telegram No. 522 of August 10 and our telegram No. 178 of March 17, 1954.

DISPOSAL BY EUROPEAN COUNTRIES OF CANADIAN MUTUAL AID EQUIPMENT

In view of the very long delay in advising the Norwegians as to the disposal of Norsemen aircraft, we notified them informally on receipt of a copy of National Defence letter of June 14, that there would be no objection to utilizing the surplus aircraft as a reserve or cannibalizing them.

2. With respect to overall Canadian policy regarding the disposal by European countries of Canadian mutual aid equipment, we are glad to submit some brief comments as requested. It would seem to us that one of the good features of our mutual aid programme has been that it is remarkably free of any strings. In fact, the only string which we have attached is the relatively minor one relating to shipping arrangements for mutual aid cargoes. For this reason, we would hesitate to add any too stringent provisions at this stage on the disposal of Canadian mutual aid equipment.

3. It might, however, be a potentially dangerous position if we contracted entirely out of responsibility for what happens to this equipment when European NATO countries no longer require it. We believe, therefore, that it would be desirable to notify recipients that the Canadian Government should be consulted in advance on the disposition of mutual aid equipment. This would provide a safeguard and would enable us where desirable to suggest seeking Standing Group advice. In effect, this is alternative (c) as outlined in your letter of July 29 addressed to the Chairman, Chiefs of Staff.†

256. PCO

Note du ministre de la Défense nationale pour le Comité du Cabinet sur la défense

Memorandum from Minister of National Defence to Cabinet Defence Committee

DOCUMENT NO. D-12-54 Ottawa, September 2, 1954

SECRET

CANADIAN MUTUAL AID PLANNING

1. In 1950, at the time the original Canadian Mutual Aid Programme was approved, there existed within NATO large and general deficiencies both of armed forces and of most types of equipment which NATO countries required to equip them. It was then considered that Canada could contribute most effectively to meeting the situation by transferring to other NATO nations as Mutual Aid large existing stocks of armament and ancillary equipment, and by increasing indigenous Canadian capacity for defence production to meet the needs of the alliance.

2. Since the original Mutual Aid programme was approved there have been two developments which have had their effect on the planning and composition of the Canadian Mutual Aid Programme. Not only has Canada undertaken to provide substantial forces for the defence of the NATO area, both in Europe and in North America, but there has also been a steady and marked improvement in the NATO equipment position, in which aid from the United States and Canada has played a significant part. The need to equip Canadian forces for NATO defence has, to a large extent, determined the pattern of Canadian defence production and the types of equipment being produced in Canada. The large and increasing flow of equipment from North America and particularly from the United States under the Mutual Defence Assistance Programme has recently brought about radical reductions in overall NATO deficiencies, so that, where deficiencies still exist, they have become more selective in nature and in most instances, less critical to the military strength of the alliance.

3. Since its inception, the composition of the Canadian Mutual Aid Programme has exhibited the following characteristics:

(a) The emphasis in earlier programmes was on equipment of World War II types which was available originally from existing stocks surplus to the immediate needs of the Canadian Forces or which subsequently could be released by the Canadian services as receipts from production made it possible for them to change over to equipment of U.S. types in accordance with Canadian defence policy. The more recent programmes have contained a significantly larger proportion of materials and equipment produced since World War II, which has become available as existing stocks of older types have been depleted and as Canadian capacity for defence production has increased.

(b) Equipment of newer types included in the Mutual Aid Programme has been included with a view to serving the dual purposes of developing and maintaining

productive capacity in Canada to meet the equipment needs of the Canadian forces and of contributing to meet the equipment needs of the forces of Canada's NATO allies, thereby reducing overall NATO deficiencies.

4. With a continued need to maintain well-equipped Canadian forces both at home and abroad, and with an awareness of the changed pattern of deficiencies and production within NATO, studies are now underway in the Departments of Defence Production and National Defence to:

(a) determine the long term equipment deficiencies of the Canadian Armed Services and, in particular, those deficiencies which will exist following mobilization.

(b) determine which of the service needs can advantageously be satisfied by the maintenance of production lines in Canada.

(c) select those lines of production considered desirable to maintain for which service requirements alone will not permit economic operation but which might be made economic if additional orders are placed for Mutual Aid.

5. Future Canadian Mutual Aid proposals will flow from the results of these studies. The basic factors determining the pattern of future Mutual Aid programmes will, therefore, be found in the long-term equipment requirements of the Canadian forces and in the measures taken to satisfy these requirements from Canadian production. Influencing and rounding out the pattern so determined will be other and broader factors which will include the level of forces maintained by Canada's NATO allies, the nature and extent of overall NATO deficiencies of and requirements for defence equipment, and the volume of deliveries of equipment from United States' production and offshore procurement under the U.S. M.D.A.P. and from indigenous production financed by the European NATO nations.

[RALPH CAMPNEY]

257. DEA/50030-L-40

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

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

CONFIDENTIAL [Ottawa], October 26, 1954

NEXT YEAR'S MUTUAL AID PLANS

I think you may be interested in the attached memorandum reporting on a conversation which an officer of this Department has had with Mr. E.B. Armstrong, the Assistant Deputy Minister responsible for financial questions in the Department of National Defence. While I know that you were prepared some time ago to contemplate the possibility of a reduction in mutual aid if that was necessary in order to increase our Colombo Plan vote, I think you may feel that the cut now envisaged by National Defence is rather drastic. Although it may be premature for us to express any definite views at this stage, you may wish to have this information concerning the lines on which National Defence is now thinking in case this sub-

ject comes up in connection with the discussions in Cabinet regarding our contributions to the Colombo Plan and to the various United Nations programmes.[4]

J[ULES] L[ÉGER]

[PIÈCE JOINTE/ENCLOSURE]

Note du chef de la Direction économique

Memorandum by Head, Economic Division

CONFIDENTIAL [Ottawa], October 25, 1954

PRESENT PLANS FOR NEXT YEAR'S MUTUAL AID PROGRAMME

I spoke with Mr. Elgin Armstrong of National Defence this morning concerning their latest thinking on the possible scale of mutual aid for the fiscal year 1955-56.

2. According to Mr. Armstrong, their plans are not yet definite although they have prepared certain proposals which will shortly be considered by the Committee which "screens" the National Defence estimates. He was aware of our considerable interest in the subject and would expect that, as was the case last year, we would be invited to be represented at the particular meeting of the Screening Committee at which their mutual aid proposals will be examined. He could not say exactly when this will be but undertook to let us know as soon as a date has been settled. He doubted that a final figure for the Mutual Aid Programme would be agreed upon before December.

3. At the present stage, National Defence is apparently contemplating a very substantial cut in the total amount of mutual aid for the coming year. On the assumption of an over-all defence budget of $1.8 billion, allowance is being made for a Mutual Aid Programme of some $175 million. This would represent a reduction of $125 million from the outside figure set for last year in the estimates, or of $105 million from the total of $280 million which was definitely earmarked for mutual aid in last year's inter-departmental discussions. Since it now appears that our actual Mutual Aid Programme during the present year will amount to about $260 million (after allowing for the recent decline in the quantity of certain "direct production" items available for mutual aid and for the short-fall in requirements for infrastructure), it is evident that the proposed figure for next year would be very far below our performances this year. Such a substantial reduction is proposed despite the fact that the over-all defence budget for the coming year is expected to be only slightly less than the amount budgeted for last year ($1.8 billion compared with $1.908 billion) and the further fact that the over-all budget will be larger than the amount which it actually proved possible to spend this year (Expenditures during the current year are expected to come out at about $1.7 billion and cash outlays will be a little less than $1.8 million).

4. In arriving at this tentative figure for mutual aid, National Defence had apparently been influenced by:

[4] Voir/See Document 214.

(a) the likelihood that not much more than this amount could be used on the equipment which will be available for mutual aid purposes in the light of anticipated Service programmes;

(b) the possibility that, although plans are still somewhat uncertain, U.S. aid to NATO countries may be down next year;

(c) the necessity to provide more resources for continental defence in North America; and

(d) the impression which Mr. Campney had apparently formed that Mr. Pearson would not be unfavourable to a fairly substantial reduction in our Mutual Aid Programme this year.

5. I did not comment on these various considerations beyond noting that no doubt anything which Mr. Pearson might have said regarding a possible reduction in mutual aid was related to the likelihood of increases in certain other expenditures of interest to this Department such as our contribution under the Colombo Plan.

6. Mr. Armstrong did not have all the details of the proposed programme at hand but he said the largest item related to air training and the next most important item had to do with the provision of F-86 aircraft. He remarked that on present plans there was no expectation that CF-100's could be supplied on mutual aid during the coming year.

7. Mr. Armstrong went on to say that a reduction in the programme for 1955-56 would not necessarily imply a reduction in subsequent years since on the basis of present production plans it might well be that a greater variety of military equipment would be available in later years.

A.E. R[ITCHIE]

258. DEA/50030-L-40

Note de l'ambassadeur en Turquie

Memorandum by Ambassador in Turkey

[Ottawa], November 1, 1954

CANADIAN MUTUAL AID PROGRAMME

During my discussions with senior officers in Ottawa, I have expressed the view that we have permitted the Standing Group to take over our mutual aid programme and that the Canadian aspect of it has almost disappeared. Certainly what were originally intended to be merely *recommendations* of the Standing Group are now being regarded in most countries as *decisions*. I agree that we should continue to rely on the advice of the Standing Group first because we do not have in Canada the necessary facilities to determine the requirements of the various countries, and secondly, it enables us to avoid the uncomfortable position of having to choose between friends. Therefore, we should continue to seek the recommendations of the Standing Group but we should in my view cease emphasizing in each announcement that the allocations have been made on the recommendation of the Standing

Group and we should discontinue the present practice of telling NATO countries that any representations concerning our programme should be directed to the Standing Group in Washington.

2. Following the public hand-over ceremony of our first jet aircraft to Turkey when extensive publicity was given by the Turkish press to the Canadian Mutual Aid Programme, the French Ambassador in Ankara sent his Counsellor to our Embassy to obtain some information about this new "programme". When Campbell explained that it had been in operation since 1950 and that France itself had been a beneficiary under it, the Counsellor replied "That is a Standing Group programme with which I am familiar, but the press is referring to this programme as 'Canadian'".

3. You will recall that I reported in a recent letter that a head of a foreign mission in Ankara informed me that some of his countrymen would be going to Canada. When I inquired whether the visit was for business reasons, he replied "They are being sent by the Standing Group to participate in *its* air training programme out there".

4. My experience has been that the Turks learn direct from Washington of allocations long before formal notification reaches us from Ottawa and I am inclined to think that they frequently receive the information ahead of Ottawa. For example, your telegram of September 16 advising me of the allocations of vacancies in our air training scheme contained information which had been given to me in Ankara about one month earlier. Another example was the offer of our 55 additional jet aircraft. When I approached the Foreign Office official on the matter, he told me that I could send an immediate acceptance since the Turks had been informed some weeks previously that such an allocation had been made to them and that the Turkish Cabinet had already given consideration to and reached a decision on the matter. This is fairly clear evidence that the offers through Canadian channels have been reduced to a mere formality.

5. My discussions on this subject with General Foulkes and Messrs. Drury, Bryce and MacKay, have been quite full and, therefore, I need not repeat in this memorandum all my arguments and illustrations. It is, however, a question to which some attention might be directed to see if we cannot recover for Canada the credit which it is not now receiving for the extensive aid which it is giving to European NATO countries.

H. O. M[ORAN]

259. DEA/50030-L-4-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1904 Washington, November 4, 1954

SECRET

Reference: Our WA-1255 of July 14.†

CANADIAN MUTUAL AID PROGRAMME — F.86 AIRFRAMES SUPPLIED TO THE UNITED KINGDOM

During the recent visit of the Chairman of the Chiefs of Staff to Paris he sent a signal to the Joint Staff here enquiring about the status of the projected exchange of F.86's now held by the RAF for Hawker-Hunters to be financed out of United States mutual security funds. General Foulkes said that he had been under the impression that the whole proposal had been cancelled. Admiral deWolfe ascertained that the exchange had not been abandoned and so informed General Foulkes on October 21. However, he thought — and we agreed — that it would be useful if we were to try to find out a little more about how this deal stood through enquiries at the Foreign Operations Administration. Accordingly, yesterday afternoon we called on John Ohly, Deputy Director for programme and planning. Ohly confirmed that the exchange was still on the cards and indeed stressed that it was hoped by all the interested United States agencies that it could quickly be consummated. However, he told us that fairly serious difficulties had developed over the last few months which had delayed the transfer.

2. Most of the questions that had been at issue between the United States and the United Kingdom authorities concerned significant details of the exact bargain to be struck. FOA, he said, wished to have a clear idea of what front-line fighter strength in the RAF would be created by the proposed allocation of mutual security funds to finance the acquisition of Hawker-Hunters. The RAF was insisting on what seemed to the United States authorities to be a very high ratio of planes in reserve. Moreover, the price now being quoted for each individual Hawker-Hunter had also risen substantially since the deal was first contemplated, so that the proposed allocation of mutual security funds would now buy fewer planes than had been expected. For these two reasons it seemed that the transaction would not be likely to produce so much front-line strength as had been hoped. The United States authorities wished to clear up this uncertainty before clinching the deal. They also wished to know more exactly how many F.86's they would be receiving in return. They were arguing that, since the F.86's now held by the United Kingdom had been subject to considerable use, the exchange should not be on a one-for-one basis but should result in the United States receiving a somewhat larger number of F.86's than the number of Hawker-Hunters that the United Kingdom would be getting. Haggling

of this kind could hardly be avoided, Ohly explained, in view of the many existing United States commitments to supply fighters to other European countries.

3. In addition to the bargaining that was going on between the United States and the United Kingdom authorities, Ohly admitted that the transfer had also been delayed because Mr. Stassen now felt that he should seek some informal but explicit approval of it from a few congressional leaders. What was intended had never been explained to Congressional Committees, and Mr. Stassen was now convinced that it would be necessary to take Congress more fully into his confidence.

4. In spite of the difficulties that had arisen over recent months, Ohly said that he still believed the deal would go through. Both FOA and the Department of Defence realized that plans for modernizing the RAF were in considerable measure dependent on the proposed transfer and would make every effort to see that it was successfully completed.

5. You will appreciate that this message may be of some interest to the Department of Defence Production as well as to the Department of National Defence.

260. PCO

Note du ministre de la Défense nationale pour le Comité du Cabinet sur la défense

Memorandum from Minister of National Defence to Cabinet Defence Committee

DOCUMENT NO. D13-54 Ottawa, November 8, 1954

SECRET

THE CANADIAN MUTUAL AID PROGRAMME, 1954-55
REVISED ESTIMATE OF EXPENDITURES

1. Cabinet Defence Committee approval was given on December 2, 1953, to an appropriation of $300 million for the 1954-55 Canadian Mutual Aid Programme, on the understanding that the programme would be initially planned for an expenditure of $280 million in the light of the possibility that the balance might be needed by the Canadian Forces. It has now become apparent that the part of the Mutual Aid appropriation in excess of the $280 million will not be required by the Services.

2. Following a review of the original $280 million programme, taking into account actual expenditures in 1953-54, changes in production forecasts, equipment availabilities, etc., and, in order to approach the original figure, the following additional items have been considered for inclusion in the programme.

(a) *Approved Additions to Programme*

Since the preparation of the original programme outline, the following items have been approved for inclusion and taken into account in the above revision of the 1954-55 programme, for allocation through the appropriate NATO agency.

Ammunition Components

Because of technical difficulties in filling, ammunition schedules have been set back, with the result that the accumulation of certain Shell empties has caused a serious storage problem. The transfer of these components as Mutual Aid will relieve the storage problem and bring the scheduled flow of empties to the filling plant closer to the normal requirement. The items which will be available prior to March 31, 1955, at an estimated cost of $4,290,800 are attached at Appendix "B".† The transfer of these components under the category of "direct production", will correct the present position of imbalance between the production of components and filled rounds.

One Mile Sets

On the recommendation of the Department of Defence Production additional orders have been placed for One Mile Sets (C/PRC-26) to maintain production beyond November 15, 1954. As there is a possibility that orders for this set may be forthcoming from the United States and as the sets can be considered a useful contribution to assist in filling NATO equipment deficiencies, it was considered desirable that the plant be retained in production until March 31, 1955 at the rate of 25 sets per day. The estimated cost of this addition is as follows:

No. of Sets to March 31/55	2,250 with Spares, etc.
Cost including Test equipment, freight to seaboard, packaging, etc.	$2,300,000.

The above equipments are in addition to 9,000 already allocated.

(b) *Further Additions to Programme*

The Services have advised that additional equipment acquired prior to March 31, 1955, may be offered as follows:

	Number	Amount $	
Army			
Cartridges, 20mm Oerlikon	600,212		$ 952,664
Air Force			
Adaptors Cluster M24A @ $8.	3,600	30,240	
Ammunition 20mm HEI HISPANO @ $1.50	750,000	1,181,250	
Rds. Ammunition .303 in AP "W" @ .50/1,000	2,000,000	105,000	
Rds. Ammunition 20mm SAP HISPANO @ $1.50	1,000,000	1,575,000	2,891,490
Navy			
4" Mk 19 twin hand operated mountings & guns	3		220,500
		TOTAL	$ 4,064,654

It is recommended, therefore, that these additional items calling for expenditure only in the current fiscal year be included in the 1954-55 Mutual Aid Programme.

3. The above review and additions will result in a revised programme as follows:

	Estimated Expenditure			
		Original		Revised
Direct Production Items		31,475,000		$25,000,000
NATO Aircrew Training		59,000,000		57,000,000
Contributions—NATO Budgets	1,000,000		1,000,000	
Common Infrastructure	18,000,000	19,000,000	10,000,000	11,000,000
Transfers of equipment acquired prior to March 31, 1950				
Army	32,200,000		35,000,000	
Navy	1,420,000		500,000	
Air	1,380,000	35,000,000	3,000,000	38,500,000
Transfers of equipment acquired after March 31, 1950				
Army	25,325,000		24,000,000	
Navy	15,311,000		11,000,000	
Air	91,967,000	132,603,000	93,500,000	128,500,000
		277,078,000		260,000,000

Details of the above revisions are attached at Appendix "A"

4. *Offering of equipment acquired prior to March 31, 1950, for transfer during 1955-56*

The experience of the past several years indicates that there is much advantage in Canada making our offerings known as early as possible, to permit of the programme being examined by the Standing Group and possible recipients. In addition, with the increase in deliveries of equipment under the U.S. Mutual Defence Assistance Programme and European production generally, it is most likely that it will gradually become increasingly difficult to create interest in taking equipment of older types and that European NATO countries will become increasingly selective in their bidding for equipment offered under the Canadian programmes.

It is therefore recommended that Canada offer in 1954-55 through the Standing Group the equipment detailed in the attached appendix "C", with the proviso that its release in 1955-56 was subject to the availability of funds and the requirements of the Canadian Services.[5]

[RALPH CAMPNEY]

[PIÈCE JOINTE 1/ENCLOSURE 1]

Appendice A

Appendix A

EXPLANATION OF REVISIONS IN PROGRAMME

(a) *Direct Production*

Delays in production of several items including 17 pdr APDS ammunition and 155 mm Howitzers, reductions in quantities of certain defence chemicals and the stretch out of production of R-1340 Wasp Engines will result in a noticeable drop in estimated expenditures in 1954-55, with a resulting carry-over to 1955-56 on approved

[5] Noté avec l'autorisation du Cabinet, le 24 novembre 1954./Noted with approval by Cabinet on November 24, 1954.

production items totalling approximately $14 million. Present production schedules will, except for small quantities of spares, result in the completion of the major programmes for Radar Sets A.A. No. 4 MK 6/2 and One Mile Sets (CPRC 26). No additional offerings of these equipments are contemplated.

(b) *NATO Air Crew Training*
A revised basis of costing this programme would have produced an estimated expenditure of $65,700,000 for the year but this has been largely offset by the dropping of certain proposed capital expenditures and some lag in pupil intake. The continuation of the NATO Air Crew Training programme has been approved to 1957-58.

(c) *NATO Budgets and Common Infrastructure*
Recent estimates by the NATO Secretariat indicate a substantial reduction in expenditures from their earlier forecasts.

(d) *Transfers from Service Stocks*
In addition to the items detailed in the original programme for 1954-55, the following items have been added and offered:

	No.	Value	
Army			
Equipments, Quad 20 mm A.A. CMK 1	26	$ 659,555	
Equipments, B.L. 9.2 in. Gun and F.C. Equipment	8	2,100,000	
Shells, B.L. 9.2 in.	3278	978,712	
Equipments, B.L. 7.5 in. Gun and F.C. Equipment	3	787,500	
Shells, B.L. 7.5 in.	1025	148,922	4,674,689
Air Force			
Flying Suits	Various		425,000
			$5,099,689

Advice from the Standing Group on bids received for the new offerings in 1954-55 indicates that there has been a good response with respect to the majority of types of equipment offered. The revised estimate takes into account the additions referred to in the preceding paragraph, Standing Group bids on new offers and adjustments resulting from the carryover from the 1953-54 programme, etc.

(e) *Transfers from Current Production for the Services*
Advice of bids from Standing Group indicates that all new offerings are overbid. The increase from the earlier estimate is mainly due to a large carryover to 1954-55 in the spares support for the 370 F86's transferred to the United Kingdom and the provision of spares support for the F86's allocated to Turkey and Greece. However, these increases have been partially offset by a reduction in the valuation placed on J47 Jet Engines.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Appendice C

Appendix C

1955-56 PROGRAMME
ADVANCE OFFERING OF EQUIPMENT ACQUIRED PRIOR TO MARCH 31, 1950
(NOT PREVIOUSLY OFFERED)

ARMY

Section I — Stock Available for Release without Replacement

Item	Quantity	$ Value (Including Charges)
Truck, 4 ton, 6x6, FBE	40	384,520
Truck, 4 ton, 6x6, Pontoon	63	638,379
Truck, 3 ton, 6x6, Chassis	35	257,250
Truck, 4 ton, 6x6, Chassis	10	73,500
Trailer, 20 cwt, 2-wh, GS	580	913,500
Semi-Trailer, Laundry	9	135,117
Launcher, Rocket, 2.36-in	100	11,500
Wireless Set No. 88	400	336,000
Rockets, Smoke 2.36-in	2,500	25,000
Rockets, HEAT 2.36-in HE	32,007	348,876
Rockets, Practice 2.36-in	20,230	211,404
TOTAL — Section I		3,335,046

Section II — Stock Available for Release following Replacement

Wireless Set No. 31	115	96,600
Bombs, 2-in Mortar, HE	2,241	27,049
Bombs, 2-in Mortar, HE	13,000	232,050
Bombs, 3-in Mortar, HE	46,668	784,023
Bombs, 3-in Mortar, Smk	34,503	905,704
Equipment 2-in Mortar	100	157,500
TOTAL — Section II		2,202,926

261. DEA/50030-U-40

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

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

SECRET [Ottawa], November 9, 1954

MUTUAL AID: TRAINING OF GERMAN AIRCREW IN CANADA

The entry of the German Federal Republic into NATO, once the relative North Atlantic Treaty and Brussels Treaty Protocols have been ratified, is almost certain to raise sooner or later the question of admitting German airmen to the NATO air training scheme in Canada.

2. As you will recall, this question was touched on briefly in Cabinet in the discussion on your submission prior to the recent Ministerial Meeting of the North

Atlantic Council in Paris. At that time the view was expressed that it would be best, because of the state of opinion in Canada about Germany and because of the problems that would be created by an additional language group in the Training Programme, to discourage any proposal to train German aircrew in Canada as part of the Mutual Aid Programme "at this time."[6] I understand that the Chairman, Chiefs of Staff, is also of a similar view. He has on several recent occasions expressed privately his fear that we might risk trouble and possible indignation in Canada if some German airman training here chanced to meet a relative of one of the Canadian prisoners shot by General Kurt Meyer in the last war.[7]

3. The question of training German pilots in Canada was raised in a different context two years ago as the result of informal inquiries by the Chief of German Air Force Planning. At that time we concluded that no consideration should be given to training Germans in Canada unless and until a formal request was received through NATO-EDC channels. At the same time, however, General Foulkes expressed objections, on grounds of both practicability and desirability, to such a proposal no matter how the approach was made. Following is an extract from a letter of October 29 from General Foulkes to the Under-Secretary on this subject:

"From the standpoint of practicability, it is not considered that Canada could provide training facilities in any of the Services unless the students can speak English.

Apart from the above, from the desirability aspect, it is considered there is a large morale factor. If German candidates were accepted at various training schools and colleges, there is always the probability that they might be under instruction with Canadian officers who have lost members of their immediate family during World Wars I and II, or have had other first-hand experiences with Nazi attitudes during World War II, which may have left them with strong prejudices. Although this factor is hard to assess, the recent strong feeling against mitigation of the sentence of Kurt Meyer must be taken as an indication that it is questionable whether the old enmities can be forgotten as quickly as present realistic interests would dictate. It would be most unfortunate if an incident did occur involving German and Canadian students which might prove politically embarrassing to Canada and tend to retard, rather than foster, the growth of mutual confidence necessary between these German forces and the other NATO countries."

4. Circumstances have changed since then, however, and I submit that we should now bear in mind in considering this problem that, once Germany is a full member of NATO, it will be extremely difficult to find any justification for treating her on any basis different from that on which we treat the other NATO countries.[8] I assume that we shall at least wish to appear to treat Germany without discrimina-

[6] Note marginale :/Marginal note:
Surely we don't have to be more sensitive than the Dutch, Belgians or French! [L.B. Pearson]
[7] Voir/See Volume 14, Document 789.
[8] Note marginale :/Marginal note:
I agree [L.B. Pearson]

tion. Unless we change our Mutual Aid procedure, therefore, we shall have to continue to offer, through the Standing Group, the available arms and equipment and the vacancies in our air training programme to *all* the NATO countries who wish to bid for them, and the Standing Group will be free to recommend allocation to any NATO country, including Germany. Of course the Canadian Government will still be free to accept, reject or modify the Standing Group's recommendations, but if the Government does reject or modify them with respect to allocations to Germany, it will be for the first time.

5. It might be possible to reach some secret understanding with the Standing Group that German aircrew should be trained elsewhere than in Canada and that allocations of vacancies in the Canadian programme would therefore not require to be given to Germany. Whether any such understanding could be kept secret is another matter, and if it were to leak out it might be extremely difficult to justify. It would be hard to explain why the presence of German airmen in Canada would cause greater indignation here than our support for German membership in NATO, or how it is more likely to cause incidents than the presence of Canadian servicemen and their dependents in Germany. As for the alleged problem of an additional language group, it seems unlikely that the prospective German candidates, whose working knowledge of English is likely to be relatively good, would cause any more trouble in this regard than, say, the Norwegians or the Dutch; and they would certainly cause less trouble than the Turks, Portuguese and Italians.

6. It could also be argued that Canada would offer particularly favourable opportunities for bringing members of the future German forces into contact with people and ideas in Canada which would broaden their horizon and help to ensure that those we are rearming will be our friends.

7. I have no specific recommendation to make at present but thought I should bring these considerations to your attention in case there is further discussion of this problem between now and the time, a few months hence, when the Government may need to come to some decision on it.[9]

J. L[ÉGER]

[9] Note marginale :/Marginal note:
If we can avoid receiving Germans for NATO training, we should do so, but not in a way which discriminated against them. The Germans, rightly, will refuse to be treated as second-class members of NATO. The longer the question of German air training in Canada can be postponed, the better. Meanwhile, we should be careful to say or do nothing which would disturb either Canadian or German public opinion. L.B. P[earson]

262. DEA/50030-L-40

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

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

SECRET [Ottawa], November 10, 1954

101ST MEETING OF CABINET DEFENCE COMMITTEE
FRIDAY, NOVEMBER 12, 1954

Agenda Item 3 — Canadian Mutual Aid Planning (Document D12-54)

The memorandum before Defence Cabinet Committee which has been prepared in the Department of National Defence attempts to establish criteria upon which future Canadian Mutual Aid Programmes are to be based. Future proposals for mutual aid would reflect primarily the need to maintain certain lines of production in Canada considered desirable to meet the requirements of the Canadian Services. "Influencing and rounding out", this pattern would be, among other things, "the nature and extent of overall NATO deficiencies and the requirements (of other NATO countries) for defence equipment."

It is difficult to argue as to the appropriateness of the criteria suggested. There is moreover little doubt that, as the memorandum suggests, NATO equipment deficiencies have become "more selective in nature and in most instances less critical to the military strength of the alliance". In these circumstances, and bearing in mind among other things that future U.S. military aid programmes for Europe are likely to be reduced substantially from their present level (the level of the Canadian programme has in the past been determined to a large extent by the size of the U.S. programme) it seems that some further reduction in the level of Canadian military assistance might be appropriate.

However, the memorandum does seem to have one significant shortcoming. It does not seem to recognize that the size of the Canadian Mutual Aid Programme has in the past been influenced very substantially by broad political considerations having to do with our status within NATO. Canada has recognized a need to provide this special type of evidence of our willingness to do our part in strengthening European defence forces. In the light of our relatively favourable economic position (and, incidentally, in the absence of compulsory military service in Canada), it has been considered by our partners that even without resort to any rigid "burden-sharing" concept, it would not be unreasonable to expect a considerable amount of assistance from Canada.

Since we were not prepared to give "economic aid", our allies reconciled themselves to the acceptance of assistance in the form of military equipment and training facilities under mutual aid. It would seem appropriate for our future programmes also to take account of these considerations. Certainly if, as a result of limiting ourselves to the criteria contained in the memorandum which will be before the Committee (with the different emphasis given to the various criteria in

that paper), the level of future Canadian assistance were to be substantially reduced we would be exposing ourselves to serious criticism within NATO and our standing in the alliance might suffer. If the amount of equipment (and training) which we found it advantageous to supply did not add up to a respectable total programme, the pressure on us to provide the balance of what might be considered an adequate programme in the form of "economic aid" might be revived, despite the change in atmosphere over the past few years.

In summary then, it would appear reasonable for Cabinet Defence Committee to accept as a basis for future Canadian Mutual Aid planning the paper submitted by the Minister of National Defence. In accepting this paper, however, the Committee may wish to recognize the political considerations which have in the past influenced the level of the Canadian programme and the unfortunate effects which might follow from a severe cut from its present level. It might also be noted that the political consequences of any significant reduction in mutual aid might be somewhat mitigated if at the same time we were increasing our assistance to other countries of the free world under the Colombo Plan or other arrangements.

J. L[ÉGER]

263. DEA/50030-L-40

Le sous-secrétaire d'État aux Affaires extérieures au sous-ministre de la Défense nationale

Under-Secretary of State for External Affairs to Deputy Minister of National Defence

CONFIDENTIAL Ottawa, November 12, 1954

CANADIAN MUTUAL AID PROGRAMME

As you know, when our Ambassador in Turkey, Mr. H.O. Moran, was in Ottawa recently, he suggested that our apparent reliance on the Standing Group (and, in the case of the non end-item aid, the Secretary-General) for recommending allocations of equipment offered by Canada as mutual aid has resulted in serious misconceptions abroad as to the character of the Canadian Programme. What were originally intended to be merely *recommendations* of the Standing Group are now being regarded in most countries as *decisions* and the Standing Group, rather than Canada, is apparently being given a good deal of credit for such equipment as is supplied under these arrangements. This is undoubtedly due in large measure to the fact that word of the allocations recommended usually reaches the proposed recipients through the Standing Group a considerable time before any notification is received from Canada. While there are good arguments for continuing to seek the advice of the Standing Group, Mr. Moran believes that we should no longer place so much emphasis in each announcement on the fact that allocations have been made on the recommendation of the Standing Group; nor should we continue the present practice of telling NATO countries that any representations concerning the Canadian programme should only be directed to the Standing Group in Washington.

I think you will agree that, bearing in mind the size of the Canadian Programme, our present basic procedures are reasonably satisfactory. Nevertheless, I believe that Mr. Moran has put forward some convincing arguments for a modification of the present arrangements — a modification which would insure that recipient countries would be left in no doubt that our mutual aid programme was a Canadian programme and that Canada was free to accept, reject or alter recommendations for the allocation of Canadian mutual aid received from the Standing Group. With this in mind, the following two alternative proposals might be considered:

1. An offer of equipment through the Standing Group could be accompanied by a statement presented by the Canadian Military Representative emphasizing that the Standing Group was being asked to suggest to the Canadian Government an allocation of the equipment offered in the light of bids received from potential recipients. Steps could also be taken to ensure that allocation recommendations by the Standing Group would, in the future, be communicated only to Canadian authorities for their consideration and would not be conveyed even informally by the Standing Group to prospective recipients. The decision of the Canadian Government regarding the allocation of the equipment which was being made available would take into account the Standing Group's recommendations and would result in formal offers being made by Canada to European NATO countries. The Standing Group would then be advised of the decision taken.

2. All prospective recipients could be notified (possibly through diplomatic channels) of offers of Canadian Mutual Aid equipment. NATO countries interested in obtaining the equipment offered would be requested to indicate to the Standing Group their requirements. The Standing Group would in turn notify the Canadian authorities directly of their recommendations. A formal offer of the equipment would then be made to prospective recipients by the Canadian Government, taking into account the Standing Group's recommendations and the Standing Group would be advised.

The above suggestions represent only two of the several possible methods of meeting the problems raised by Mr. Moran. Both have shortcomings, although they involve no radical departure from our present basic policies. I should be grateful to receive your comments on this problem in due course.

A.E. RITCHIE
for Under-Secretary of State
for External Affairs

264. PCO

Extrait du procès-verbal de la réunion du Comité du Cabinet sur la défense

Extract from Minutes of Meeting of Cabinet Defence Committee

TOP SECRET [Ottawa], November 12, 1954

...

III. CANADIAN MUTUAL AID PLANNING

8. *The Minister of National Defence* said that at the time the original mutual aid programme had been approved, there had existed general deficiencies both of armed forces and of most types of equipment which NATO countries needed. It had then been considered that Canada could contribute most effectively to meeting this situation by transferring to other NATO nations large existing stocks of equipment and by increasing Canadian capacity for defence production. Since the original programme had been approved, not only had Canada provided substantial forces for the defence of the NATO area but there had also been a marked improvement in the NATO equipment position, in which aid from the United States and Canada had played an important part. The need to equip Canadian forces for NATO defence had to a large degree determined the Canadian pattern of defence production and the types of equipment produced in Canada. The large flow of equipment from North America had radically reduced overall NATO deficiencies so that where deficiencies still existed, they had become more selective in nature, and in most instances less critical to the military strength of the Allies.

The Canadian mutual aid programme had initially consisted largely of Second World War equipment available from existing stocks or of equipment released by Canadian services as receipts from new production made it possible to change over to equipment of North American types. More recently, mutual aid programmes had contained a significantly larger proportion of materials produced since the Second World War. The equipment of newer types had been included in the programmes with a view to developing Canadian productive capacity and contributing to the needs of Canada's NATO allies. Against the background of the continued need to maintain well-equipped Canadian forces, and of the changed pattern of deficiencies and production within NATO, studies were now under way to determine the long-term deficiencies of the Canadian Armed Forces, and in particular those deficiencies which would exist following mobilization, to determine which of the service needs could be satisfied advantageously by the maintenance of production lines in Canada, and to select those lines of production considered desirable to maintain, of which service requirements alone would not permit economic operation but which might be made economic if there were additional orders for mutual aid. Future proposals would flow from the results of these studies. The basic factors determining such programmes would be found in the requirements of the Canadian forces themselves, and in the measures taken to satisfy them from Canadian production. The pattern would also be affected by the level of forces to be maintained within NATO, the overall deficiencies of NATO nations, the volume of U.S. aid and indigenous production financed by European NATO nations themselves.

An explanatory memorandum had been circulated.

(Minister's memorandum, September 2, 1954, Cabinet Defence Committee Document D12-54).

9. *In the course of discussion* the following points emerged:

(a) There was an added criterion of a political nature governing Canada's mutual aid policy. This was found in the general desire to cooperate in building up the

strength of NATO forces and mutual aid would remain to some extent as part of the burden-sharing exercise adopted by all NATO nations.

(b) SHAPE had asked the Chiefs of Staff if Canada were in a position to assist in the training of pilots for the West German air force contribution to NATO. For a variety of reasons it would be desirable for Canada not to undertake this form of assistance. It might be suggested to the Standing Group that it would be more logical for Canada to continue training French pilots and that the United States might undertake to look after the German needs since it was likely that there were more people of German extraction there than in Canada. In any event, it was necessary to find a respectable reason for not including in Canada's mutual aid programme the training of pilots for the German Air Force.

10. *The Committee*:

(a) noted with approval the report of the Minister of National Defence regarding Canadian Mutual Aid planning and the factors likely to determine such programmes in the future; and

(b) agreed that appropriate but tactful steps be taken to avoid vacancies in the aircrew training programme being allotted to students from the flying components of the Federal German Republic's NATO forces.

. . .

265. PCO

Note du ministère de la Défense nationale pour le Comité sur les aspects économiques des questions de la défense

Memorandum from Department of National Defence to Panel on Economic Aspects of Defence Questions

DOCUMENT ED11-54 [Ottawa], November 18, 1954

CONFIDENTIAL

MUTUAL AID FOR TURKEY — FERRYING OF F-86 AIRCRAFT, PAYMENT OF OCEAN SHIPPING CHARGES AND COST OF LANGUAGE INSTRUCTION

1. When the Canadian Ambassador to Turkey was in Ottawa recently, he advanced a powerful plea for taking into account the precarious financial circumstances of Turkey and making, as a consequence, the terms of our Mutual Aid to that country more generous.

2. In his view, Turkey is chronically on the verge of bankruptcy and is financing its military and civilian effort on a hand-to-mouth basis. At the same time, Turkey represents the largest military machine in Europe wholly wedded to the support of the Western philosophy. Achieving this has led the Turks into difficulties and they now find themselves with practically no reserves of foreign exchange and inadequate foreign income.

3. In the Ambassador's opinion, Canada should recognize the outstanding Turkish military effort and perhaps be more liberal with her than other European allies.

4. Specifically, he has suggested that as a token of goodwill, Canada should pay the full cost of providing instruction in English for Turkish students coming out for air training under the Mutual Aid scheme. There are very few people in Turkey who can speak English and there are no schools apparently to which these young men can be sent to learn English before coming to Canada. Mr. Moran suggests that Turkey is in a special position in this regard. At the present time, we are providing board and lodging for these Turkish students but have suggested that the cost of instructors should be found from Turkish resources. The cost of these instructors, depending on the number of trainees at any one time, is roughly estimated as follows:

Trainees at any Time	Estimated Amount
25	$15,000 to $20,000
50	$25,000 to $30,000
100	$50,000 to $55,000

The bearing of this cost by Canada would neither cure the Turkish foreign exchange problems nor present grave difficulties for us. It would be a token of goodwill which might have some advantages for Turkey, but would probably lead to a suggestion by other countries that we do the same for them, and unless the Air Force is to establish a large school for teaching English, would get us in bad odour with those of our allies we refused.

5. Further, Mr. Moran has suggested that because of Turkish foreign exchange difficulties, we should assume the cost of ocean freight of Mutual Aid as far as a Turkish port. When it was pointed out that this would immediately be followed by urgent pleas for similar treatment by Greece, Portugal, France and possible the Netherlands, he suggested that an exception could be made for Turkey as an underdeveloped country. I would think that perhaps the Greeks and the Portuguese might lay claim to a similar state of underdevelopment if it meant that we would pay the cost of ocean freight of Mutual Aid to their countries. It should be noted, however, that if Canada were to assume the cost of ocean freight, a great many of the problem of the Maritime Commission in endeavouring to secure use of Canadian bottoms for carrying this cargo would disappear. On the other hand, it has been a general feeling all along in respect of Mutual Aid that requests for Mutual Aid assistance from Canada would probably tend to be better founded and more realistic if the recipient countries had to make some kind of sacrifice in order to get it. This is perhaps particularly true in the case of Turkey, in respect of which it has been suggested in some quarters that she is endeavouring to maintain too large a military apparatus for her resources to be able to support.

6. A further suggestion was that Canada should undertake to ferry Mutual Aid aircraft from the United Kingdom to Turkey. It appears that the Turks have difficulty in finding the money to finance this operation, but even more serious, have no pilots or at least very few, capable of performing this operation. If the latter is true, then I would think a special case could be made. This would not be likely to lead to similar assistance to countries other than Greece, although it is understood the Greeks themselves have sufficient pilots in the Greek Air Force to carry out the flights.

7. I would recommend that we not assume the additional cost of instructors in English of Turkish pilots, nor the ocean freight of Mutual Aid to Turkey, but that we be prepared to ferry F-86 aircraft from the United Kingdom to a Turkish delivery point.[10]

266. PCO

Note du président du Comité sur les aspects économiques des questions de la défense pour le Comité du Cabinet sur la défense

Memorandum from Chairman, Panel on Economic Aspects of Defence Questions, to Cabinet Defence Committee

DOCUMENT NO. 19-54 [Ottawa], November 22, 1954

TOP SECRET

NATO ANNUAL REVIEW, 1954

A report on the 1954 Annual Review of NATO countries' defence programmes will be submitted to the Ministerial Meeting of the North Atlantic Council now scheduled to be held in Paris commencing December 17. This report will contain a general survey of NATO's present position, a series of studies on the most important problems of concern to NATO as a whole, and a chapter on each member country.

2. The draft Country Chapter on Canada is submitted herewith. It is to have three annexes. Annex I contains supplementary statistical tables and is not attached to this memorandum. Annex II, which is attached, contains a list of military recommendations (see paragraph 4 below). Annex III is to contain whatever Canadian comments it is desired to make on the Country Chapter and on the recommendations (see paragraph 6 below).

3. The draft Country Chapter on Canada, like those on the other countries, was prepared by the NATO Secretariat (or International Staff) with the assistance of certain designated delegations, and taking into account the comments of the NATO Supreme Commanders. In the case of Canada, the designated delegations were those of the United States, the United Kingdom and France, which formed a panel to examine the Canadian reply to the Annual Review questionnaire. (The Canadian Delegation itself was a member of the panels for Belgium and Denmark.) The Annual Review Committee then examined and revised the Chapter and agreed to

[10] Le 19 novembre 1954, le Comité sur les aspects économiques des questions de la défense a convenu que le Canada financerait l'entraînement de pilotes turcs en anglais et le transport par convoyeur d'avions F-86 du Royaume-Uni à la Turquie. Il a cependant refusé que le Canada assume le montant du fret maritime d'une aide mutuelle à la Turquie.
The Panel on the Economic Aspects of Defence agreed on November 19, 1954 that Canada would pay for training Turkish pilots in English and for ferrying F-86's from the United Kingdom to Turkey. It refused to have Canada assume the cost of ocean freight shipments of mutual aid to Turkey.

transmit it to the Council. During this process the Canadian Delegation was able to obtain a considerable number of amendments designed to present our position more fairly and accurately.

4. The conclusions and recommendations in Part IV of the Chapter remain the responsibility of the NATO Secretariat, who drafted them, and the military recommendations in Annex II likewise remain the responsibility of the NATO Supreme Commanders and the Standing Group. The Annual Review Committee has explicitly recognized this fact in the introductions to all the Country Chapters. These conclusions and recommendations do not commit member governments in any way and they will not come up for adoption or formal approval by the North Atlantic Council. Nevertheless, member governments are asked to give these recommendations serious consideration, to comment on them if desired in Annex III of Country Chapters, and to indicate if possible by the time of the Ministerial Meeting which of them could be accepted.

5. The Panel on the Economic Aspects of Defence Questions considers that the Canadian Country Chapter (with Annexes I and II) is a reasonably satisfactory document, bearing in mind the process whereby it was produced.

6. The Panel has approved a draft of Annex III (Canadian Comments), which is attached. It comprises comments on the military sections of the NATO Secretariat's conclusions and recommendations, and indicates acceptance by Canada of some of the military recommendations listed in Annex II. The Panel recommends that these comments, which are in elaboration of existing Canadian policy and do not involve further commitments, be transmitted to the NATO Secretariat for attachment to the Canadian Country Chapter. The Panel considers that no comments on the remaining sections of the NATO Secretariat's conclusions and recommendations are required.

7. The Panel gave special consideration to the International Staff's recommendation

"That the Canadian authorities should:

(1) continue mutual aid programmes, as of great importance to NATO. In this respect it is noted with satisfaction that the Canadian Government is concentrating on the delivery of modern equipment, with provision for the supply of spare parts as appropriate; . . ."

8. The Panel was of the opinion that a comment on this recommendation should *not* be included in Annex III. Rather, the Panel suggests that a statement reviewing our Mutual Aid programme up to date and saying what is possible about future mutual aid policy be made by one of the Ministers at the forthcoming Ministerial Meeting. A draft statement will be prepared and submitted for ministerial approval in due course.

R.B. BRYCE

[PIÈCE JOINTE/ENCLOSURE]

Projet du rapport du Conseil de l'Atlantique Nord

Draft Report by North Atlantic Council

TOP SECRET November 16, 1954

ANNUAL REVIEW COMMITTEE
DRAFT COUNTRY REPORT ON CANADA

Introduction

This report on Canada has been prepared by the international staff, who have received assistance from the delegations of France, United Kingdom, United States. The report as a whole has been examined by the Annual Review Committee, who have agreed to submit it to the Council. The recommendations at its close, though discussed along with the remainder of the report by the Annual Review Committee, remain the responsibility of the international staff. Comments of the Canadian (and other) delegation(s) on this report and its annexes are at Annex III.

I. MILITARY CONSIDERATIONS

Main Trend

At the end of 1954 the Canadian contribution to NATO in M and D-Day forces will consist of an infantry brigade group in Europe, a naval force of 1 light carrier, 23 escorts, 5 minesweepers and 48 maritime aircraft, and an air force in Europe of 246 modern interceptor day fighters. These forces are substantially in conformity with the firm force goals established in the 1953 Annual Review, except for a temporary shortfall of some fifty aircraft due to deliveries of aircraft by Canada to other NATO countries.

2. The general situation forecast for the end of 1954 shows an improvement over that existing at the end of 1953. Canada has not been able to accept all the recommendations made to her last year, particularly when these called for an increase in the size of the contribution to SACEUR and SACLANT over and above that already planned. However, it is the policy of the Canadian Government to maintain and improve upon the quality of their forces by providing them with modern types of equipment.

3. Future plans for the three Services entail no marked difference from the end of 1954 goals and are generally in accordance with the goals set in the 1953 Annual Review. Of some general importance is the question whether Canada will be able to make an all weather fighter contribution to SACEUR's air forces, the outcome of which is, in part, bound up with plans for the air defence of the Canada/US region. Although not discussed in this review, it should be borne in mind that the Canadian commitments for the defence of the Canada/US region are a matter of major concern to the Canadian Government and are essential to the fulfilling of Canada's undertakings to NATO.

Army

4. The firm force goals for 1954 of one infantry brigade group in Europe at M-Day, increasing to a full division as soon as possible after M Plus 30, will be met. As last year, the availability of the 2/3 division is subject to the prior release of the Canadian forces in Korea. The 2/3 division is an M-Day force in Canada, phased in Europe between M plus 30 and M plus 90, depending on the availability of shipping. Assurance has been given that every effort will be made to ensure the most expeditious transit possible. In this connection, it is noted that arrangements are being made for the stockpiling in the United Kingdom of the heavy equipment for the division, so that only personnel and certain light equipment will have to be shipped after D-Day. However, although this matter is being pressed, the completion of the stockpiling programme will take some time.

5. There is no change in the Canadian plans in respect of army forces for NATO during the period 1955-57. As long as there are Canadian forces in Korea, there will be an implied commitment for Canada to reinforce them when and if necessary. This places a limitation on Canadian ability to accept a firm commitment as to the time at which the remainder of the division earmarked for SACEUR can be despatched to Europe.

6. In the 1953 Annual Review concern was expressed at the lack of combat and logistic support for the brigade group in Germany and also for the complete division when it was scheduled to arrive in Europe. It was recommended that Canada, in consultation with the United Kingdom and SHAPE, should explore means of improving the situation. Negotiations with the United Kingdom have now been completed and the present Canadian plan envisages only the provision of non-divisional Canadian support units totalling about 2,500 men at the same time as the balance of the Canadian division to provide support of a purely Canadian nature. This is an improvement, but since 2,500 men are considerably less than the supporting troops required in a divisional slice at army level and as the British forces themselves lack adequate support, even after M plus 30, the position remains unsatisfactory both as regards M-Day support for the Canadian brigade and later for the division. The whole position therefore calls for further active consideration on how the necessary support forces are to be provided. It is satisfactory to note on the other hand, that arrangements are well under way for the stockpiling of operational reserves in Europe for both the brigade now in Germany and the whole division.

7. Reserve forces are now being reorganized but detailed information is not yet available. The recent formation of a Canadian Army Regular Reserve, in order to enable rapid expansion of the active forces in an emergency, forms a part of this reorganization. The Canadian plans envisage the formation of a second reserve division which will eventually be earmarked for SACEUR, but it is not intended to raise this division until after M-Day. Its equipment will be made available from holdings in Canada.

Navy

8. The firm goals for naval forces for end 1954 will be met except for 2 cruisers which are to be de-commissioned on D-Day and have therefore been dropped from

the force plans. In accordance with the agreed force goals for 1954 there will be an improvement in time-phasing of escort vessels.

9. The Canadian authorities have not found it possible to accept recommendations for further improvements, over and above those now planned, in the number and time-phasing of escort vessels and for the provision of more maritime aircraft. They are, however, still studying this matter and have already indicated that as a result of the de-commissioning of the 2 cruisers it may be possible to improve the time-phasing of some escort vessels from 1956 onwards. Present plans for the period 1955-1958, however maintain the 1954 time-phasing unchanged.

10. 48 maritime patrol aircraft will be available on D-Day, during the period under review. It is satisfactory to note that Canada has placed orders for a prototype of a new long-range maritime patrol aircraft which it is hoped will result in increased effectiveness in these forces from 1957 onwards. In the meantime, Canada will purchase a number of P2V-7 (Neptune) aircraft from the United States and will make limited modifications to some of the Lancasters which remain in use beyond 1956.

11. As in 1953, there is a shortage of submarines for anti-submarine training. It is noted that in conformity with the recommendation made in the 1953 Annual Review, Canada has concluded negotiations with the appropriate British authorities and that, by summer 1955, the anti-submarine training facilities will be adequate.

Air Force

12. There will be a shortfall of 54 aircraft against the firm force goal for end 1954 of 300 interceptor day fighter aircraft due to deliveries made to Greece and Turkey under Canadian Mutual Aid. The 246 aircraft, all of which are stationed in Europe represent an increase of 54 over the 1953 figure and are of a type which will be fully combat effective throughout the period under review. On present plans, the force of 300 IDF, which will be achieved by August, 1955, will be maintained without change through 1958.

13. The Canadian Government has not found it possible to accept the earlier recommendation for the stationing of three all weather fighter squadrons in Europe from 1956 onwards. They are, however, giving serious consideration to the present alternative suggestion that all weather fighters should be substituted for some of the interceptor day fighter units at present assigned in view of the serious shortage of all weather fighters in Europe.

14. The logistic support of the Canadian Air Forces on the continent of Europe is being substantially improved. Except for aircraft, Canada plans to build up by the end of 1954 the majority of the war reserve stocks required to support 90 days of war operation based on approved rates.

15. As regards AC&W it is planned to provide a number of units on the continent of Europe during 1956. However, as a result of procurement of an improved type of radar at an earlier date than originally anticipated, Canada hopes to be able to provide a ground control intercept complex by the end of 1955.

16. At the end of 1954, the average flying training for combat aircrews will be 240 hours per year. This level, which coincides with the minimum acceptable standard recommended by NATO, will be maintained for the period 1955-1957.

With regard to the serviceability rate of aircraft, it is noted that for the first six months of 1954 an average of only 57% of the aircraft on hand were in commission and only an average of 53% were combat ready. In this connection, the Canadian authorities have stated that these low rates are due to the conversion to a new type of aircraft and will only be temporary. It is hoped that early improvement will be achieved.

17. It is noted that the number of vacancies for aircrew training in Canada under Canadian Mutual Aid has now been reduced from 1,500 to 1,200. It is appreciated that all available spaces were not filled in the past, but should it prove that there is a need for more than the 1,200 vacancies now planned, it is hoped that Canada will give sympathetic consideration to increasing this most valuable aid.

II. PRODUCTION AND PROCUREMENT

18. Since last year's Annual Review Canada has continued to strengthen her war production base and a high delivery rate of practically all major military end-item in production is reported, including the much needed AWX aircraft. A marked expansion in the defence electronics industry took place during the last three years. Canada is now producing asdic, radar, fire control and communication equipment.

19. With respect to Mutual Aid, it is to be noted with satisfaction that Canada is concentrating on the delivery of modern equipment. In fact, the 1954/55 Mutual Aid Programme contains approximately 60% by value of equipment produced since April 1950, and only about 10% of World War II equipment which, when necessary, is reconditioned before being offered for delivery to European NATO countries. The remainder of this programme is accounted for largely by aircrew training and infrastructure.

III. DEFENCE EXPENDITURES AND POLITICO-ECONOMIC CONSIDERATIONS

Defence Expenditures

20. Expenditures for defence since 1949 are compared with the figures shown last year in the following table:

Canadian Fiscal Years (April-March) (million dollars)

	1949/50	1950/51	1951/52	1952/53	1953/54	1954/55	1955/56	1956/57
AR(53)	411.4	640.0	1540.1	1967.0	2135.5	—	—	
AR(54)					1844.8	2066.8	—	—

In general, it appears that planned expenditures for 1954/55 are consistent with force plans. The Canadian Memorandum points out that once a physical programme has been established by the Canadian Government, the carrying out of that programme has never been hampered by the inadequate provision of funds by Parliament.

21. Total defence expenditures fell short of original Review forecasts by $159 million in 1952/53 and $291 million in 1953/54. The Canadian authorities have stated that a general factor contributing to the underexpenditure of appropriations is the very considerable difficulty of estimating rates of expenditure in advance, par-

ticularly on the production of military equipment, in a period of rapid build-up; and that though shortfalls may occur in future, they may be expected to diminish as the defence effort levels off.

22. Budgetary provision for Mutual Aid for 1954/55, at $300 million, is $24 million lower than the main estimate for 1953/54, though somewhat higher than the actual out-turn for 1953/54. The reduction affects principally the aircrew training programme, expenditures on the initial provision of capital facilities for the programme having tapered off. Table 7 at Annex I shows the development of the Mutual Aid Programme, by value, since its inception.

23. The submission contains no tables for defence expenditures beyond 1954/55, but the Canadian authorities now state that the implementation of the overall programme for the Canadian forces, at any rate for 1955/56, would probably entail expenditures of the same order of magnitude as those for the current year, and that it is intended to ask Parliament at the beginning of each fiscal year for sufficient funds to fulfil the physical commitments shown in Section A of the reply.

Politico-Economic Considerations

24. After several years of rapid economic growth in Canada, a gradual recession developed in the last quarter of the year 1953 and continued into the first half of 1954. Among the factors contributing to this recession were the tapering off of the growth in defence outlays, the termination of some large investment projects and lower exports, together with a more cautious attitude towards the accumulation of stocks and a reduction in the heavy demand for durable goods. Unemployment in June 1954 amounted to 3.4% of the civilian labour force, twice the June 1953 level. For this current year as a whole, a slight fall in defence spending and a downward change in inventories are likely to outweigh a small expansion of other civilian demand. External demand for Canadian products has fallen and the terms of trade have moved adversely, but imports have fallen even more markedly. Thus, the current balance of payments, which had reverted in 1953 to the deficit position characteristic of postwar years, showed an appreciably lower deficit during the first half of 1954 than during the same period in 1953. Canadian reserves remain high and the inflow of foreign capital continues.

Annual Recurring Costs

25. The Canadian submission does not reflect Canada's long-term recurring costs, but rather the recurring cost elements of the budget for 1954/55 forces. Annual operating costs are estimated at $1,019 million and total planned replacement at $682 million giving a total of $1,701 million (of which the Air Force accounts for $833 million, more than the other two services combined). The difference between this figure and total planned expenditures of $2,067 million for the same fiscal year is largely accounted for by Canadian Mutual Aid. A preliminary International Staff analysis (which also leaves mutual aid to other countries out of account) suggests a cost of between $1,600 million and $1,700 million for forces in being after 1957.

26. The Canadian submission does not give any appraisal of the economic implications of annual recurring costs. Recent levels of defence expenditure higher than the estimated annual recurring costs have not, however, prevented the rapid devel-

opment of the economy and it is difficult to be anything but optimistic about Canada's longterm capabilities.

IV. CONCLUSIONS AND RECOMMENDATIONS OF THE INTERNATIONAL STAFF

27. The International Staff:

(a) Note that certain adjustments or improvements, as described in the previous paragraphs of this report would still further enhance the value of the Canadian contribution to NATO;

(b) Draw the special attention of the Canadian Government to the recommendations of the NATO military authorities in Annex II, which emphasize the primary importance of the need to:

(i) Plan for the introduction of RCAF all weather fighter squadrons in substitution for some of the day fighter squadrons at present assigned to SACEUR;

(ii) Ensure adequate support in Europe for the Canadian land forces;

(iii) Accelerate the arrival in Europe of RCAF ground units for air control and early warning;

(iv) Improve the time phasing of escort vessels;

(c) Recommend that:

Bearing in mind the priorities indicated by the NATO military authorities, the Canadian authorities should, within the planned level of defence expenditures, endeavour to implement military recommendations to the greatest possible extent. Furthermore the International Staff consider that an increase in the planned defence effort would be within the economic capabilities of Canada;

(d) Recommend that the Canadian authorities should:

(i) Continue mutual aid programmes, as of great importance to NATO. In this respect it is noted with satisfaction that the Canadian Government is concentrating on the delivery of modern equipment, with provision for the supply of spare parts as appropriate;

(ii) Indicate to the Council, by the time of the ministerial meeting in December 1954, which of the military recommendations can be accepted by that date and, where appropriate, reflected in the agreed force goals of the 1954 review;

(iii) Maintain close touch with the NATO military authorities — and the International Staff, where appropriate — regarding contemplated changes or adjustments in their country's defence plans, including those designed to enable them to implement as far as possible the remaining military recommendations in Annex II to this report.

[ANNEXE I/ANNEX I]

CANADA

TOP SECRET

(This Annex contains statistical tables which have not been reproduced here.)

[ANNEXE II/ANNEX II]

TOP SECRET

COMPLETE LIST OF MILITARY RECOMMENDATIONS

MOST IMPORTANT RECOMMENDATIONS IN ORDER OF PRIORITY REGARDLESS OF SERVICE

1. Expedite the study of the implications involved in the substitution of AWX's for DIF's, with a view toward meeting a goal of one (1) Squadron (18 A/C) in 1956 and a total of four (4) Squadrons (72 A/C) end 1957, in place of four (4) Squadrons (110 A/C) of IDF's.

2. Ensure, in consultation with SACEUR, adequate support in Europe for the Canadian Land Forces.

3. Phase forward the Tactical Air Control Centre and the two (2) Control and Reporting Centres so that they may be deployed in Europe by end 1955.

4. Improve time-phasing of DDEs and DEs.

PRIORITIES BY SERVICE

The following additional recommendations are shown in order of priority within each service. They are not in order of priority as between services.

5. *Navy*

(1) Modernise "Lancaster" aircraft that will remain in service beyond 1956 by:

(1) replacing H2S radar with APS-33 radar,
(2) fitting of directional search receiver equipment,
(3) fitting of directional sono-buoy equipment,
(4) fitting of "Glow Worm" or multi-barrel discharger night illumination equipment.

(2) Progress the construction of the prototype of the proposed "VANCOUVER" class frigate.

(3) Increase the overall number of DEs by four (4) at D+180 in 1957.

(4) Increase submarine services for anti-submarine training.

(5) Complete bilateral agreement and arrangement for the use of specific facilities and services of other nations.

(6) Expedite the storing overseas of stocks of non-common-use items required for D-Day forces.

(7) Expand the plans for fitting IFF Mark X equipment to include at least one (1) interrogator in all ships having search radar.

(8) Pursue the development of the helicopter in the anti-submarine role.

(9) Adapt a system of aircrew categorisation for maritime/patrol aircrews.

6. *Air Force*

(1) Attain and maintain the MC-26/3 Standard of Readiness in all units as early as possible.

(2) Take the necessary action to increase the percentage of aircraft in commission and combat ready with a view to attaining as soon as possible at least the figure of 70%.

[ANNEXE III/ANNEX III]

TOP SECRET

SUGGESTED CANADIAN COMMENTS FOR INCLUSION IN ANNEX III OF THE CANADIAN COUNTRY CHAPTER

27. The International Staff:

(a) note that certain adjustments or improvements, as described in the previous paragraphs of this Report, would still further enhance the value of the Canadian contribution to NATO;

(b) draw the special attention of the Canadian Government to the recommendations of the NATO military authorities in Annex II, in which these authorities emphasize the primary importance of the need to:

(i) plan for the introduction of RCAF all-weather fighter squadrons in substitution for some of the day fighter squadrons at present assigned to SACEUR;

Comment

The subject of substitution of all-weather fighters for day interceptors in No. 1 Air Division is under active study at the present time and has been given a very high priority, taking careful consideration of SHAPE's recommendations. Whether Canada will be able to make an all-weather fighter contribution and, if so, the date of availability will depend on a number of domestic factors which have yet to be resolved.

27(b) (ii) ensure adequate support in Europe for the Canadian Land Forces;

Comment

Discussions have been held with United Kingdom authorities on the composition of the non-organic support units for Canadian Infantry Brigade Group and in due course for the balance of 1 Canadian Infantry Division. The non-organic support units now on the continent are considered adequate to deal with the purely Canadian administration of the Brigade Group, and these will be augmented to meet the needs of the complete division when the balance of the division is assigned to SACEUR subsequent to M-day. It does not appear logical or economical that Canada should provide a complete divisional slice for the support of one division. Such support should be provided by the larger formations with which the Canadian division is associated. Canada does not intend, therefore, to provide additional logistic or combat support units for the Division.

27(b) (iii) accelerate the arrival in Europe of RCAF ground units for air control and early warning: (Referred to in the Military Recommendations in Annex II as "Tactical Air Control Centre and Control and Reporting Centres" and in para 15 of the Country Chapter as "ground control intercept complex.")

Comment

The RCAF has decided to provide an improved type of radar for No. 1 Air Division. While no firm date can be given as to the availability of these facilities, it is expected that they will be available by 1 December 1955.

27(b) (iv) improve the time phasing of escort vessels.

Comment

Improvement in the time-phasing of existing ships in reserve is constantly under study. It is fully appreciated that the most critical period for the defence of shipping in the North Atlantic is between D-Day and D+60. Every effort will be made to increase the availability of escort type ships on D-Day and D+30, but until the current studies are completed, no change in the present assignment of these forces can be made.

27(d) recommend that the Canadian authorities should:

(ii) indicate to the Council, by the time of the Ministerial meeting in December 1954, which of the military recommendations can be accepted by that date and, where appropriate, reflected in the agreed force goals of the 1954 Review.

Canadian Reply

The following military recommendations are accepted:

Recommendation 5(1)

Modernise "Lancaster" aircraft that will remain in service beyond 1956 by:

(1) replacing H2S radar with APS-33 radar,
(2) fitting of directional search receiver equipment,
(3) fitting of directional sono-buoy equipment,
(4) fitting of "Glow Worm" or multi-barrel discharger night illumination equipment.

Comment

20 Lancasters will be modified by May 1955 as follows:

(a) H2S radar will be replaced with APS-33.

(b) Fitment of UPD-501, a broad directional search receiver capable of reception on the 3 or 10 centimetre band as desired, but not simultaneously.

(c) Fitment of ARR26/SSQ2, non-directional search sono-buoy is not contemplated.

(d) Fitment of APX-6B-IFF transponder.

(e) Fitment of 1.7 inch flare, hand launched.

Recommendation 5(4)

Increase submarine services for anti-submarine training.

Comment

Canada has concluded negotiations with the UK authorities and by summer 1955 anti-submarine training facilities will be adequate.

Recommendation 5(7)

Expand the plans for fitting IFF Mark X equipment to include at least one (1) interrogator in all ships having search radar.

Comment

RCN plans provide for the fitting of interrogators in all ships earmarked for assignment to SACLANT.

Recommendation 5(8)

Pursue the development of the helicopter in the anti-submarine role.

Comment

The procurement of helicopters for experiment and evaluation in the anti-submarine role is now underway.

Recommendation 5(9)

Adapt a system of aircrew categorisation for maritime/patrol aircrews.

Comment

A system of aircrew categorisation for maritime patrol aircrews is presently under consideration by the RCAF and such a system will be introduced in the near future.

Recommendation 6(1)

Attain and maintain the MC-26/3 Standard of Readiness in all units as early as possible.

Comment

Canada will do everything possible to attain and maintain MC-26/3 Standard of Readiness in all units as early as possible.

Recommendation 6(2)

Take the necessary action to increase the percentage of aircraft in commission and combat ready with a view to attaining as soon as possible at least the figure of 70%.

Comment

At the present time, the Air Division is converting to Sabre 5 aircraft. As this is a new type aircraft, they are encountering maintenance and logistic problems common to all aircraft when first placed in the field. It is anticipated that with the experience being gained these problems will soon be resolved.

27(d) (iii) maintain close touch with the NATO military authorities — and the International Staff, where appropriate — regarding contemplated changes or adjustments in their country's defence plans, including those designed to enable them to implement as far as possible the remaining military recommendations in Annex II to this report.

Comment

Canada has in the past and will continue to maintain close touch with the Standing Group and the Supreme Commanders, and where appropriate, with the International Staff regarding contemplated changes or adjustments in their plans for forces earmarked for or assigned to NATO.

267. PCO

Extrait du procès-verbal de la réunion du Comité du Cabinet sur la défense

Extract from Minutes of Meeting of Cabinet Defence Committee

TOP SECRET [Ottawa], November 24, 1954

. . .

I. NATO ANNUAL REVIEW; CANADIAN COUNTRY CHAPTER

1. *The Minister of National Defence* presented the report of the Panel on the Economic Aspects of Defence Questions on the Canadian country chapter to be included in the NATO Annual Review Report. The country chapter had been prepared by the NATO Secretariat with the assistance of certain designated delegations, and took into account the comments of the NATO Supreme Commanders. The Canadian Delegation to NATO had been able to secure a number of amendments which produced a fairer and more accurate presentation of the Canadian position. The conclusions and recommendations in Part IV of the chapter remained the responsibility of the NATO Secretariat, and the military recommendations in Annex II remained the responsibility of the NATO Supreme Commanders and the Standing Group. These recommendations did not commit member governments in any way, although member governments were asked to consider them seriously and to comment upon them. The proposed Canadian comments were contained in Annex III to the chapter. While these comments made no mention of the mutual aid programme, the Panel suggested that a statement be made by one of the Ministers attending the forthcoming Ministerial meeting of the North Atlantic Council, reviewing the mutual aid programme up to date, and saying what was possible about future mutual aid policy. A draft of this proposed statement would shortly be submitted for ministerial approval.

An explanatory memorandum had been circulated.

(Memorandum, Chairman of the Panel on the Economic Aspects of Defence Questions, November 22, 1954 — Cabinet Defence Committee Document No. D19-54).

2. *In the course of discussion*, the following points emerged:

(a) Considering the process by which it had been produced, the country chapter was a reasonably satisfactory document. It contained nothing that was particularly new, nor did the Canadian comments proposed for inclusion in Annex III. The last sentence of paragraph 12 of the chapter was too rigid a statement, in view of the fact that it referred to the period to the end of 1958. While it was perhaps not necessary to ask that this statement be modified, it might be indicated to the Secre-

tariat, or a comment might be made during the Ministerial meeting that the government viewed the question of maintaining 300 interceptors in Europe to the end of 1958 more tentatively than this statement would suggest, and in fact that all figures quoted in the chapter for the period after 1955 were planning figures only so far as the government was concerned. The same qualifying observation should be made with regard to Section III of the chapter, "Defence Expenditures and Politico-Economic Considerations".

(b) The proposed comment on the recommendation to substitute some all-weather fighters for day interceptors was satisfactory in that it noted that the recommendation was receiving careful consideration, without indicating when a decision might be expected. The remarks on the arrival in Europe of ground units for air control and early warning took into account the decision made nine months ago to supply fixed rather than mobile radar equipment. The comment on the recommendation to ensure adequate support in Europe for the Canadian land forces would be improved if the third sentence were altered to read, "It does not appear to be logical, or to be making the most sensible use of our resources for Canada to provide a complete divisional slice for the support of one division".

3. *The Committee*:

(a) noted with approval the report of the Panel on the Economic Aspects of Defence Questions, subject to the one alteration in the wording of the comments for inclusion in Annex III to the country chapter given in paragraph 2(b) above;

(b) agreed that the NATO Secretariat should be informed that the Canadian government viewed all figures quoted in the country chapter for the period after 1955 as being planning figures only, no matter how confidently they might be stated in the chapter; and that this cautionary observation applied particularly to the reference in paragraph 12 to the number of aircraft which Canada would be maintaining in Europe for the next four years; and,

(c) agreed that a statement reviewing Canada's Mutual Aid programme up to date and saying what is possible about future mutual aid policy be prepared for delivery at the forthcoming NATO Ministerial Meeting.[11]

. . .

[11] Noté avec l'autorisation du Cabinet, le 24 novembre 1954./Noted with approval by Cabinet on November 24, 1954.

268. DEA/50030-L-40

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

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

TOP SECRET [Ottawa], December 8, 1954

MUTUAL AID PROGRAMME FOR 1955/56

The Sub-Panel on the Economic Aspects of Defence at its meeting on December 6 had before it an official level draft† mutual aid programme for 1955/56 totalling $185 million. This figure includes, however, $10 million for the military costs of the NATO Budget covered in the estimates for previous years under a separate heading. The figure comparable with last year's vote would, therefore, be $175 million (as foreshadowed in my memorandum of Oct. 26, 1954).

This figure compares with last year's programme under which $280 million were earmarked for mutual aid (plus $12 million for the military costs of the NATO budget) on the understanding that an additional $20 million might be used for this purpose if the funds were not required by the Canadian military services. In fact expenditures are expected to total about $260 million for 1954/55. The proposed figure for the coming year can therefore be regarded as being between $75 and $125 million less than that for the current year.

Generally the draft programme would appear to reflect the criteria approved by Cabinet Defence Committee on November 12, although it would not seem to have allowed for the observation recorded in the minutes of that meeting to the effect that, "There was an added criterion of a political nature governing Canada's mutual aid policy. This was found in the general desire to cooperate in building up the strength of NATO forces and mutual aid would remain to some extent as part of the burden-sharing exercise adopted by all NATO nations."

On the basis of informal discussions at the Sub-Panel, it appears that while there is opposition to any increase of the $175 million total in 1955/56, it might be physically possible to devote a somewhat larger sum to mutual aid for 1955/56 if the Government were to decide that a larger figure was desirable.

The present draft programme is confined to the kinds of items which the Canadian Services will require in the future and for which, consequently, they consider it desirable to maintain production facilities in operation. No items which were not of such direct interest to the Canadian Services have been included in the new production programme apart from a small carryover from previous years even though some of these items which we have been producing in the past might be of considerable value to other NATO forces (e.g. No. 4 Mark 6/2 radar sets). The programme could be expanded by bringing in some of these excluded items and keeping the production facilities (which will otherwise be closed down or switched to other products) in operation specifically to meet these NATO needs.

In the case of items which have been included in the present programme, the quantities allotted to mutual aid could be increased if more emphasis were to be given to NATO requirements and if production were not kept down to what is considered the minimum economic rate. So far in the preparation of the programme Mutual Aid has been regarded as merely the residue. An estimate has been made of the volume of production which would result in not unreasonable unit costs. The requirements of the Canadian Services have then been deducted from that figure and the remainder has been regarded as the amount available for Mutual Aid even though the NATO requirement might be many times as large. If our production capacity were to be more fully utilized, we would be able to provide an increased amount under Mutual Aid in several lines (e.g. walkie-talkie radio sets, explosives, and ammunition).

The possible increases in the size of the Mutual Aid programme from these sources during this year, do not, however, appear to be very large. At the outside, they might be something like $20 million. This would seem to be about the physical limit unless Mutual Aid is to be provided in forms other than those normally included in our programmes, for example the payment of shipping charges or even the provision of direct economic aid.

At the Sub-Panel meeting, there were intimations, however, that instead of the total of $175 million being increased, it might well be reduced by the deletion of the item for the F86 aircraft with Orenda engines, representing approximately $35 to $40 million unless this Department saw fit to intervene. This reduction would be based on the following arguments:

(a) The provision of F86 aircraft with Orenda engines might involve serious maintenance and overhaul problems for the receiving countries.

(b) Provision of this equipment might imply a commitment on Canada's part to accept responsibility for the provision of spare and replacement parts (including engines) in the future. This was not true of the old F86 which had U.S. engines and other equipment for which the United States assumed responsibility.

(c) These F86 aircraft could be used by reserve units in Canada to whom allocations of similar aircraft might have to be made in subsequent years if these were to go to Mutual Aid.

It is necessary to consider whether in these circumstances we should work to maintain or even to increase the tentative Mutual Aid figure of $175 million in 1955/56.

Since the programme will need to be settled shortly, you may wish to discuss it with Mr. Harris and Mr. Campney before the NATO Delegation leaves for Paris; and with Mr. Howe after your arrival in Paris.

J. L[ÉGER]

269. DEA/50102-H-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM 952 Ottawa, December 8, 1954

SECRET

Reference: Your telegram No. 1019 of November 22† and our telegram No. 881 of November 20.†

NATO ANNUAL REVIEW, 1954: MUTUAL AID

A draft statement on Canadian mutual aid for possible use at the forthcoming Ministerial Meeting has been prepared, taking into account your useful suggestions, and has been approved by the Deputy Ministers of National Defence and Defence Production and the Sub-Panel on the Economic Aspects of Defence Questions. We plan to include it with an appropriate explanatory note in the briefs for the Ministerial Delegation, but thought you might wish to see it in advance.

2. Following is the text. Begins:

I wish at this time to make a brief statement concerning Canadian Mutual Aid policy, with reference to the broad recommendation made to us in the Canadian Country Chapter. While the NATO Aircrew Training Programme and provision for the Canadian contributions to the cost of NATO common infrastructure facilities and the NATO Budgets continue to represent large portions of our programme, my remarks will refer particularly to the end-item aid portion of our programme.

In 1950, the year of the original Canadian Mutual Aid Programme, there existed within NATO general deficiencies of equipment to which it was considered Canada could most effectively contribute by transferring as Mutual Aid large existing stocks of armament and ancillary equipment and by increasing indigenous Canadian capacity for defence production to meet the needs of Canada and the other countries in the Alliance.

The emphasis in earlier programmes was on equipments from existing stocks not immediately needed by the Canadian Forces. The more recent programmes have contained an increasing proportion of the current types of materials and equipment which have benefited the North Atlantic Alliance as a whole. Equipments of current types have been transferred as Mutual Aid with a view to serving the dual purpose of developing and maintaining productive capacity in Canada to meet the equipment needs of the Canadian Forces and of contributing to meet the equipment needs of the forces of Canada's NATO Allies, thereby reducing overall NATO deficiencies.

Now, we find ourselves, in common with other members of the Alliance, concerned with the problem of keeping in being the essential elements of the existing production base rather than with the development of a broader base. Our first

response to this situation has been to undertake an examination of our production capabilities from the aspect of a mobilization potential. When this analysis has been completed we shall be able to identify more clearly than at present those elements of the existing base which should be retained and to consider whether Canadian Mutual Aid equipment transfers could be used as a means to assist in the accomplishing of this new end.

At the same time as the emphasis in the supply of equipment and the development of the production base has changed, there has been an increasing requirement for additional Canadian efforts for North American Continental Defence for the purpose of providing an effective defence of a firm base for the support of operations for the defence of Europe and to defend the retaliatory capacity of North America. These new and additional commitments undertaken in this connection are, therefore, the same kind of contribution to our common defence as those involved in stationing forces in Europe and in the supplying of equipment under the Mutual Aid programme. These are all important factors in the defence of the NATO area.

With respect to next year, the exact extent and composition of our programme have not yet been settled. However, owing to the considerations which I have outlined, and in the light of the overall limitation in our defence expenditures, it is apparent that there will be a reduction in end-item aid in 1955/56. However, at the same time, the NATO Aircrew Training Programme will be continued at its present level of a total of 1200 entries annually, the emphasis on new pattern equipment will be maintained, and, where necessary, spares support will continue to be given for certain equipment already furnished, although it is our hope that European countries will make every effort to avoid dependence on our Mutual Aid programmes in this regard. As in the past, while it will rest with my Government to decide what equipment and supplies are to be offered, their allocation among the various NATO countries will take into consideration the recommendations requested from the Standing Group or the International Staff.

Our Permanent Delegation will inform the Council of the actual content of our programme for the coming year, together with any necessary supporting detail, as soon as it has been established.[12] Ends. Message Ends.

[12] Pour un rapport de la réunion ministérielle du décembre 1954, voir le document 381./For a report on the December 1954 Ministerial Meeting, see Document 381.

270. DEA/50107-D-40

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

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

TOP SECRET [Ottawa], December 9, 1954

CABINET, DECEMBER 9, 1954
SUBSTITUTION OF 4 CF-100 SQUADRONS FOR 4 F-86 SQUADRONS IN RCAF AIR DIVISION, EUROPE

The case for substituting four CF-100 Squadrons for four F-86 Squadrons in Europe is set forth in the attached memorandum for the Cabinet. From the point of view of our relations with our NATO partners there is certainly a great deal to be said for concurring in the recommendation. I think, however, that very careful consideration should be given to the possible implications for North American defence, and to the possible implications for our NATO relations if a decision taken now should have to be reversed in a year or two.

2. In informal discussions that we have had in the P.J.B.D. and elsewhere, we have learned something of the thinking of U.S. defence authorities. As a result, it is becoming increasingly evident that we are likely to be faced in the not too distant future with a choice between permitting United States squadrons to operate from bases in southern Canada, and providing squadrons ourselves. This might mean in effect that we would have to bring squadrons home from Europe. This would be unfortunate in any case — whether the CF-100's had actually arrived in Europe or not.

3. In paragraph 8(c) of the memorandum it is proposed that the NATO recommendation be accepted subject to the condition that we might have to switch types again if and when we considered such action to be in the best general interests. I fear that if we had to bring back our CF-100's soon after sending them to Europe — or, worse, if we should be compelled to reverse our decision before any substitution had been effected — the political effect on our NATO allies might be worse than if we were to tell them now that, after careful consideration, we had come to the conclusion that we cannot accept the recommendation.[13]

J. L[ÉGER]

[13] Note marginale :/Marginal note:
Note for File — Cabinet dealt with this before the Minister returned from New York.

[PIÈCE JOINTE/ENCLOSURE]

Note du ministre de la Défense nationale pour le Cabinet

Memorandum from Minister of National Defence to Cabinet

CABINET DOCUMENT NO. 269-54 [Ottawa], December 7, 1954

TOP SECRET

SUBSTITUTION OF FOUR CF-100 SQUADRONS FOR FOUR F86 SQUADRONS IN RCAF AIR DIVISION, EUROPE

1. For the past two years SHAPE has requested strongly that, to bolster the air strength of Western Europe, Canada should provide four squadrons of all-weather fighter aircraft (CF-100's) in substitution of four squadrons of Interceptor Day Fighter aircraft (F86's). The request is for one squadron (18 CF-100's) in 1956 and three squadrons (54 CF-100's) by the end of 1957. In reply to the most recent request, Canada has pointed out that whereas urgent domestic factors had stood in the way of acceding to previous SHAPE requests for all-weather aircraft our position was now developing to the point where we could give serious consideration to SHAPE's recommendation.

2. During the period 1955-58 the major air threat facing SACEUR lies in the TU4 and the IL28 bomber aircraft which are capable of operating effectively by day, by night and in bad weather, carrying atomic bombs. The NATO air defence forces available to meet this threat are almost entirely day interceptors. The lack of any appreciable air defence capability at night or in bad weather gives the enemy a tremendous advantage in being able to mount an attack under these conditions where the probability of success at very little cost to his own forces is practically assured. The air defences of Europe must be brought into balance as quickly as possible to deny the enemy this advantage and discourage any thoughts he might have concerning his comparative freedom of action to employ his bomber forces.

3. There is a serious shortage of All Weather Fighter aircraft and none in operation in the world today are better in all-round performance than the CF-100 which is capable of matching the threat of the enemy TU4 and the IL28 bombers. A contribution of 72 CF-100 aircraft would materially strengthen the All Weather capability of the air defences of Europe and would have a deterrent effect out of all proportion to the numbers of aircraft and the costs involved. Accordingly, NATO is looking to Canada to make this contribution.

4. Examination of the factors involved reveals that there is sound military reason why Canada should provide all-weather fighters in Europe and that there is no sound military reason for not doing so.

5. Having the same type of aircraft at home and overseas would permit the RCAF to gain the broadest possible experience in all-weather operations which is the primary requirement in the North American Air Defence System. At the same time it

would eliminate much of the duplication in training now necessary for personnel transferred between home and overseas units.

6. The Regular Force all-weather squadrons in Canada will be built up to operational strength early in 1956. Intense study is continuing into the question of which aircraft, CF-100 or F86, would provide the greatest possible effectiveness in Reserve Squadrons in the crucial early stages of war. These squadrons are scheduled to receive modern operational aircraft commencing in mid-1955 but are not expected to reach operational standards of readiness until 1958 because of the limited time available to Reserve personnel for service training. Thus the transfer progressively of four Squadrons of 18 aircraft each to Europe commencing in late 1956 can be achieved without any significant effect on the capability of the Reserve elements of the home defence forces in this period.

7. The exchange of the CF-100 aircraft for F86 aircraft in the home defence service in Canada would be at some expense to the all-weather capability in the home air defence system. This would be counterbalanced in part by the added height capability inherent in day fighter aircraft. Also new developments and electronic advances now in prospect would, if successful, give the F86 a limited night and bad weather capability thus further increasing the effectiveness of the aircraft and making it a more attractive addition to the North American Defence System than heretofore. Based on the developments and experience gained in the next few years, a mixture of CF-100's and F86 aircraft in the home defence force should provide the most effective utilization of our fighter aircraft.

8. A decision to send all-weather squadrons to Europe would be made subject to the following conditions:

(a) Squadrons would be located on existing Air Division Bases and not be redeployed elsewhere.

(b) The all-weather squadrons would remain part of RCAF Air Division, Europe. They would come under the command of the AOC, Air Division, who would continue to exercise operational and administrative control over the whole force as empowered in his existing command instructions.

(c) The exchange would be made without prejudice to reverting to 12 Interceptor Day Fighter squadrons if and when, in the light of changing conditions, Canada considers such action to be in the best general interests.

9. Attached as Appendix "A"† is an estimate of the manpower and financial implications arising from this exchange of squadrons. In summary, the implications are as follows:

(a) Manpower increases for the Air Division will total approximately 244.

(b) Additional construction and equipment costs are estimated to be $10,570,000.

10. The Chiefs of Staff Committee have thoroughly assessed all aspects of this problem and recommend this substitution as a logical and desirable step for Canada

to take. I concur with their views and recommend that four CF-100 squadrons of 18 aircraft each be assigned to Air Division Europe to replace four F86 squadrons.[14]

[RALPH CAMPNEY]

2e PARTIE/PART 2

RÉUNION MINISTÉRIELLE DU CONSEIL DE L'ATLANTIQUE NORD, PARIS, 23 AVRIL 1954
MINISTERIAL MEETING OF THE NORTH ATLANTIC COUNCIL, PARIS, APRIL 23, 1954

271. DEA/50102-F-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 229 Paris, April 1, 1954

SECRET

Reference: Our telegram No. 224 of March 31.†

AGENDA FOR THE NEXT MINISTERIAL MEETING

At the informal luncheon session on March 31, there was a long and inconclusive discussion of the suggestion that Ministers might exchange views on the development of political consultation.

2. As expected, the Danish and the Norwegian representatives felt that while some progress had been made in this field, an attempt should be made to develop present arrangements. I supported their position arguing that the habit of consultation was important as a means of strengthening the alliance and pointing out that, so far, only the Big Three had adopted the practice of consulting the Council on their agreed policy concerning Germany. I suggested that other countries, and in particular the Secretary General, might be encouraged to take more initiative in this regard.

3. The United Kingdom representative took a somewhat negative line interpreting, I am afraid, my remarks as implying some criticism of the Big Three. I made it clear that I had merely suggested that other countries and the Secretary General should try to follow the example of the Big Three. The United States representative, although reticent, made the point that his government attached importance to the development of political consultation.

4. In the end, no firm decision was made whether Ministers should be warned that the subject would be raised under the general political item, although I understood

[14] Approuvé par le Cabinet le 8 décembre 1954/Approved by Cabinet on December 8, 1954.

that both the Danish and the Norwegian Foreign Ministers might discuss the matter.

5. It seems to me that a number of points are clear as regards political consultation:

(a) The strengthening of the habit of consultation is vital to the development of the alliance;

(b) A majority of the member governments are in favour of developing the present arrangements;

(c) The Big Three are reluctant to take any initiative in this field; the British, in particular, prefer, it seems to me, bilateral consultation with us, the Benelux countries and Denmark and Norway, perhaps because of concern as regards their position vis-à-vis the United States as leader of the Commonwealth and of a number of European partners;

(d) Further progress is unlikely, therefore, to be made unless specific proposals are submitted to the Council.

6. Under the circumstances, I wonder whether we should not consider submitting, at the next Ministerial Meeting of the Council, a broad resolution, stressing the importance of political consultation as a means of strengthening the alliance and inviting the Council in permanent session to consider ways and means whereby the habit of political consultation could be developed. If such a resolution were adopted, it would provide a good basis for further discussions of the subject in Council; the Secretariat might be invited later on, in the light of these discussions, to submit detailed proposals for consideration by member governments. I am inclined to think that this is not a field where regulations are as important as attitudes, but if the subject is kept under discussion greater awareness of its importance will be developed and this in itself is bound to produce in time worthwhile results.

272. DEA/50115-J-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 242 Paris, April 2, 1954

SECRET

Reference: Our telegram No. 239 of April 2, 1954.†

THE SOVIET NOTE

The latest Soviet note is an expression of both the Soviet permanent philosophy and recent tactics. As I interpret it, the note suggests, within the framework of peaceful coexistence with the USA, a joint Soviet—USA control of Europe. Such an approach implies a power conception of politics which corresponds to the Com-

munist way of dealing with situations and an assumption that Germany is the main threat to Europe.

2. If the USA were to accept to join the USSR in the Molotov system for Europe,

(a) the present Soviet control of Eastern Europe would be confirmed;

(b) Germany would be neutralized;

(c) the USSR could extend her influence in Western Europe; in any case, the "respectable" Communist parties would be at once more powerful and instrumental in achieving this policy.

3. As may be seen, the USA are offered peace, at the price of further concessions in Europe: the traditional Soviet approach of making profitable deals which involve an accretion of strength to be used as a basis for further deals which progressively weaken the opponent.

4. If I understand the Soviet move correctly, a further proposal could well be made in Geneva for a similar sharing of influence in the Far East, for a while, during the period of consolidation.

5. The reply for the USA (and indeed for the United Kingdom and France which would be reduced to third rate powers under the Soviet scheme) as well as for all Western nations is that the Soviet proposal is not compatible with the Western conception of international relations based on the freedom and equality of right of all nations. By stressing the democratic line, the USA can hope to rally the support of the majority of nations which are not prepared to subscribe to the Soviet theory of a two-power domination of the world.

6. As in the case of Germany at the Berlin conference, the Western nations must accept the Soviet challenge and meet it through an assertion of their own basic principles: democracy and freedom both at the national and the international levels.

7. As long as the USSR pursues her present policy, the United Nations will not achieve its objectives and, in particular, provide security, and she has only herself to blame if other nations, in self defence, set up regional organizations like NATO. Under the circumstances, the Soviet desire to join such organizations provides proof of her determination to interfere with legitimate defence arrangements of other nations rather than of peaceful intentions.

8. I should be glad to learn, before the meeting of the Council on April 7 when the Soviet note will be discussed, whether you find yourself in general agreement with the above line.

273. DEA/7802-40

Note du chef de la Direction européenne pour le sous-secrétaire d'État par intérim aux Affaires extérieures

Memorandum from Head, European Division, to Acting Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], April 5, 1954

THE RUSSIAN NOTE OF APRIL 1

The Soviet Note is a most cleverly designed approach. It is the best example to date of the new flexibility of Soviet thinking under the post-Stalin dispensation. Its effect on E.D.C. prospects cannot but be bad. As regards NATO, there are two aspects, the immediate and the long term.

2. In the immediate, the point could well be made that NATO is an association of like-minded peoples for the pursuit of accepted principles of freedom and the defence of their way of life and that it arose in large part as the result of fear of Soviet aggression; and that it is based on mutual confidence in one another. NATO would probably not exist, if the United Nations could have given its participants reasonable safeguards against attack. The Soviets threatened Europe and made the United Nations security guarantees inoperative. It is at the United Nations that they must show by deeds that they have mended their ways — disarmament and cooperation in pursuit of its aims.

3. In the long run, NATO having been established and there being more to its purpose than defence, — a community spirit (Article 2) — the removal of the threat to its members' security would push defence in the background and permit of harmonious development of this community of like-minded nations. Future entrants must show that they fulfill the conditions — e.g. respect for freedom; and it takes time to rebuild the confidence that years of sapping operations have brought to a low ebb, and which it would be required that a candidate for membership show before he could be admitted.

4. The Note leaves unanswered two most important questions:

(a) Are the Russians ready to discuss disarmament realistically in the light of the new situation, i.e. possession by both sides of frightful weapons and preponderance of conventional armaments in the eastern camp, and to consider control of atomic energy on the one hand and the scaling down of all armaments to a ratio and not proportionately to present levels.

(b) The Russians assume that the threat to security in Europe is exclusively German. Are they prepared to remove the power vacuum in Central Europe and to re-establish German unity by free elections and for its re-armament in some form but properly controlled.

5. There are however a number of useful points in the Note which should not be let drop flat. They are:

(a) The Soviets show — and admit to their people for the first time — a worry (sincere or otherwise) over the effects of nuclear bombing, which cannot but influ-

ence thinking among their leaders and their peoples and brings a new element in policy formation.

(b) The whole portent of the Note is that they do not see us as sheep to shear at will — NATO has been and is useful.

(c) They show a high fear of German re-armament; they speak as if it existed in the West, while it only actually exists now in the East.

(d) They recognize the United States interest in European security and European interest in retaining United States protection.

(e) They do not inject China, irrelevantly, into the European picture.

(f) Their plan is a form of Locarno,[15] which Churchill's May 1953 speech first propounded as a solution of the European security problem.

6. While I agree in large part with Mr. Wilgress' analysis, I think something should be done to underline and exploit these Soviet admissions. In logic, they should accept the re-opening of discussions on disarmament at the United Nations. They should also recognize the necessity of a German settlement in freedom as a condition of effective European security and of the consequent establishment of peaceful and confident co-existence in the European area.

J.A. CHAPDELAINE

274. DEA/50030-V-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM 225 Ottawa, April 6, 1954

SECRET. IMMEDIATE.

Reference: Your telegrams Nos. 239 and 242 of April 2, 1954.
Repeat London No. 431, Washington EX-562.

THE SOVIET NOTE OF APRIL 1, 1954

I am glad that members of the Council will be able to comment on the Soviet Note before the three powers have prepared their reply. I understand that the United Kingdom has suggested to the United States and France that a tripartite drafting group be set up in Paris to concert their reply and I assume that this drafting group would take into account the views expressed in the Council. I hope that the Council

[15] Le pacte de Locarno, conclu le 1er décembre 1925, constituait une série d'accords négociés en Suisse et signés à Londres, par lesquels la Belgique, la France, l'Allemagne, l'Italie et le Royaume-Uni s'engageaient mutuellement à garantir la paix en Europe de l'Ouest.
The Locarno Pact of December 1, 1925 was a series of agreements negotiated in Switzerland and signed in London whereby Belgium, France, Germany, Italy, and the United Kingdom mutually guaranteed peace in Western Europe.

will also be given an opportunity to discuss the draft reply before it is put in final form. This, as you know, would be in line with my views on political consultation.

2. I am in general agreement with the analysis of Soviet policy and motives outlined in your second telegram under reference. With specific reference to the Soviet proposal for a European Security Treaty, however, I would prefer not repeat not to comment for the time being. I do not necessarily take issue with your views but we are still giving the question study. In any case, we are not so directly concerned as others.

3. The proposal that the U.S.S.R. be admitted to NATO is, of course, of direct concern to Canada. In my view rejection of this proposal should be based on the following grounds:

(a) NATO was created precisely to organize for the defence of the countries of the Atlantic Community because they felt themselves in grave peril of Soviet aggression and subversion and because the Soviet Government had demonstrated its determination to prevent the U.N. Security Council (the only machinery for collective security then existing) from functioning.

(b) The Soviet Government has so far not shown by any deeds (as opposed to words) that this basic situation has changed; Soviet armed forces are still at a level which reflects a preponderance of military strength in Europe; rearmament continues to be pushed in the Soviet satellites; rearmament of Eastern Germany goes on apace (which is not true in Western Germany) while the Soviet Government blocks every effort to re-unite Germany on a democratic basis; the Soviet Government continues to maintain sizable occupation forces in Austria and refuses to sign a peace treaty; Communist parties in Western Europe are still used as an instrument of Soviet policy to sabotage every effort at economic recovery and political cooperation.

(c) For these reasons NATO in its present form continues to be essential for the legitimate defence of the free world against possible Soviet aggression.

(d) NATO is also important — perhaps in the long run even more important — as a vehicle of ever closer cooperation between like-minded nations united in a community of interest.

(e) In both these roles NATO is based on far reaching obligations which involve the members in close and continuing cooperation and which require a high degree of mutual confidence and exchange of information in the military, political and economic fields.

4. Although the arguments against the Soviet proposal regarding NATO are clear and overwhelming, I think it is important to ensure that the impression be not created that it is being rejected without serious consideration. On the other hand, we should also try to ensure that the grounds for rejection are frankly stated and that, as you suggest, the Soviet challenge is directly met.

5. I might have added above that if the USSR are genuinely desirous of co-operating in a collective security system, they can show this by their attitude and policy at

the UN, as for example in regard to the forthcoming, we hope, talks on atomic matters.[16]

275. DEA/50102-F-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM 226 Ottawa, April 7, 1954

SECRET. IMMEDIATE.

Reference: Your Telegram No. 229 of April 1, 1954.

NEXT MINISTERIAL MEETING OF THE COUNCIL

I fully agree with you about the importance of further developing political consultation in the Council. I also think as you do that attitudes and habits are more important than rules and procedures in this field and that continuous emphasis on the problem is the best way of encouraging the right attitudes and habits. With this in mind and in view of the increasing interest shown by other members of the Council, I think we should now propose that this subject be placed on the agenda of the next Ministerial meeting as a separate item.

2. After this is done it may prove desirable for the Ministers to adopt some general resolution on the importance of political consultation and we may wish to take the initiative. As yet I have no repeat no firm views on these two questions however, and should welcome it if you would care to try your hand at a draft.

3. I am sending a personal message† to Mr. Lange telling him of my interest in this subject and asking what he thinks might be accomplished at the Ministerial meeting. The text of this message is being repeated to you for your information.

[16] Pour un rapport sur les réunions du Sous-comité de la Commission du désarmement des Nations Unies tenues à Londres, voir le document 138.
For a report on the London meetings of the Sub-committee of the U.N. Disarmament Commission, see Document 138.

276. DEA/50102-F-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 260 Paris, April 8, 1954

SECRET. IMPORTANT.

Reference: Your telegram No. 226 of April 7.

NEXT MINISTERIAL MEETING OF THE COUNCIL

I was sure you would appreciate the importance of further developing political consultation in the Council. I shall be glad to try my hand at a draft general resolution and will send you the draft by telegram as soon as it has been prepared.

2. I do not think it is necessary to propose a separate item on the agenda. The Council approved the recommendation of the Working Group that Ministers might wish either to raise themselves or to see discussed the "possibility of developing political consultation" under the one substantive item on the agenda, viz: "consideration of the international political situation" (reference Para 8 of Document C-M(54)22).

3. If you agree I could write to Lord Ismay indicating that you would wish to see the subject discussed. This would then enable the Permanent Council to give preliminary consideration to the subject at our next meeting on April 20. You might authorize me to outline in general terms the resolution you are thinking of proposing.

4. I have taken the liberty of giving Skaug a copy of your personal message to Mr. Lange. He told me that this coincides with Mr. Lange's views and that he had made a number of public statements on the desirability of developing political consultation. You will also have support from Mr. Hansen of Denmark since it was the Danes who took the initiative of suggesting that the subject be discussed at the Ministerial Meeting.

5. When we had our discussion in the informal session following the luncheon at Lord Ismay's house on March 31, Hughes emphasized the importance the United States Government attach to political consultation. Steel, however, reflected the well-established United Kingdom position of reluctance to develop further political consultation. They prefer that such consultation be conducted in other forums, such as the Commonwealth, Brussels Treaty, and United Kingdom-Scandinavian gatherings, or through consultation with diplomatic representatives in London. Steel takes the attitude that, whenever necessary, consultation does take place in the NATO forum. However, since I have come to Paris the only consultations that have taken place has been when the Three Powers have asked for the views of their NATO partners on replies to be given to Soviet notes. This is extremely valuable but unfortunately the representatives of the Three Powers themselves merely listen to

what the other representatives have to say and do not give the views of their own governments until the reply to the Soviet note in question has been drafted. We are then informed a few hours before the note is handed to the Russians and published in the newspapers.

6. An illustration of this attitude was afforded at the interesting discussion we had yesterday on the latest Soviet note. The Netherlands representative went out of his way to propose that the representatives of the Three Powers should take part in the discussion and give the views of their governments as freely as the other representatives had been asked to do. He pointed out that the latest Soviet note was unlike previous notes relating to Germany, for which the Three Powers had special responsibilities. It was of much more direct concern to all the NATO countries. Hughes was the only representative of the Three Powers to respond to this invitation. Steel and Alphand both confined themselves to stating that the views expressed by the other representatives had been of value and would be taken into consideration in the drafting of the reply to the Soviet note.

7. In other words, the attitude of the United Kingdom representative tacitly implies a political standing group within the Council and it is this attitude which is resented by several of my colleagues.

8. What I feel our aim should be is to develop the habit of regular political consultation. The Chairman of the Permanent Council should be encouraged to ask from time to time if there is any political subject the Council would like to have discussed. If it is agreed that there should be consultation on a certain subject, a date could be set for such consultation. This would give representatives the opportunity of receiving instructions from their governments. The Secretary General could also at the same time instruct the Political Division to prepare a background paper giving such facts as were available to the Secretariat. This is the procedure we were trying to develop in the Council deputies but always in the face of passive resistance on the part of the United Kingdom and to a lesser extent of the French representative. I shall endeavour to embody these ideas in the draft resolution which I hope to send you by telegram in a few days.

277. DEA/50115-J-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 269 Paris, April 9, 1954

SECRET

Reference: My telegram No. 260 of April 8, 1954.

NEXT MINISTERIAL MEETING OF THE COUNCIL

Following are some notes on points you may wish to bear in mind when considering the manner in which you would wish to introduce the resolution on political consultation at the next Ministerial Meeting:

(a) In view of the conclusions of the paper on trends of Soviet policy that the USSR still aim at dividing the North Atlantic powers, the resolution on political consultation could be related to the discussion on Soviet policy and it could be presented as an effective means of countering Soviet disruptive tactics;

(b) Taking into account United Kingdom susceptibilities as regards political consultation within the Council and the real difficulties involved in developing tripartite agreements in certain fields, it might be desirable to suggest that no criticism is implied of the practice followed so far by the Three Powers who have, in fact, up to now, largely taken the initiative for such political discussions as have taken place in the Council. It could be stressed that what we have in mind is that the other members of the alliance might be encouraged similarly to acknowledge some responsibility for taking the Council into their confidence as regards any of their problems which might be of general concern;

(c) It might be stressed also that the proposals are not to replace existing channels for consultation which are adequate for their purpose nor to suggest that there should be consultation about all topics without regard to their sensitivity to the countries concerned; the proposals are intended to amplify, whenever this appears to be desirable, existing opportunities for fruitful consultation.

278. DEA/50115-J-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 270 Paris, April 9, 1954

SECRET

Reference: My telegram No. 260 of April 8, 1954.

NEXT MINISTERIAL MEETING OF THE COUNCIL

Following is a draft for the resolution on political consultation which has been prepared at your request:

"The North Atlantic Council

Having regard to the obligations assumed by the parties to the North Atlantic Treaty and to the fact that each of the parties is affected by developments in the international political situation,

Considering that the sense of unity and solidarity of the alliance will be furthered by regular consultations on the international political situation,

Agrees that it is desirable to develop the habit of frequent political consultations within the Council,

Decides that from time to time the Council in permanent session shall discuss what topic would be suitable as a subject for political consultation at one of its subsequent meetings".

279. DEA/50102-F-40

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

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

SECRET Ottawa, April 12, 1954

NEXT MINISTERIAL MEETING OF THE NORTH ATLANTIC COUNCIL: POLITICAL CONSULTATION

You will have seen the replies from Paris and Oslo to our telegrams concerning the desirability of discussing the question of political consultation at the next NATO Ministerial Meeting and the possibility of introducing a resolution on the subject. Mr. Lange says that he fully agrees with your views and that the Norwegian Government would be prepared to support a resolution on this matter at the forthcoming meeting. Mr. Wilgress points out that political consultation is not a separate agenda item but that provision has been made for it under the item on the international political situation. He suggests that he might write to Lord Ismay indicating that you wish to see this subject discussed and that you authorize him to outline at the next meeting of the Permanent Council on *April 20* the general lines of the resolution you have in mind.

2. I should be grateful to know if you concur in Mr. Wilgress' suggestions.[17]

3. The two most recent telegrams from our NATO Delegation in Paris (Nos. 269 and 270 of April 9) contain: (a) some notes on points you may wish to bear in mind in considering the manner in which a resolution on political consultation might be introduced at the Ministerial Meeting; and (b) a suggested draft for such a resolution. Copies of these two telegrams are attached for your convenience.

4. The Department has also tried its hand at a draft resolution, which I now attach for your consideration. It differs from the Delegation's draft in the following respects:

(a) it ties political consultation directly to Articles 2 and 4 of the North Atlantic Treaty;

(b) it takes account of the consideration given to this question previously by the "Committee of Five" and the Rome meeting of the Council, and it reaffirms the conclusions then reached; and

[17] Note marginale :/Marginal note:
Yes [L.B. Pearson]

(c) the operative part of the resolution is addressed not only to the Council in permanent session but also (and primarily) to member governments on the assumption that it is they who must take the initiative if anything effective is to be done.

5. With regard to the notes contained in the attached telegram No. 269, I would offer the following comments:

(a) Although a resolution on political consultation could be presented as an effective means of countering Soviet disruptive tactics, I do not think it should be related solely to present Soviet policy; it should also be related to the positive objective of developing among the various members of the Atlantic Community a closer identity of view, capable of providing a firm and continuing basis for collective action regardless of the existence of a threat or its nature.[18]

(b) I fully agree that we should avoid implying any criticism of the practice so far followed by the Three Powers and for this reason the draft resolution attached recommends that *all* member governments should bear in mind the question of political consultation.[19]

(c) I also agree these proposals should not be represented as replacing the existing channels for consultation; in this connection you may wish to point out, as you did in introducing the final report of the "Committee of Five" to the Lisbon meeting of the Council, that what is desirable now is the application of principles already agreed rather than their elaboration.[20]

6. I should be grateful for your views on my comments in the preceding paragraph and on the attached draft resolution.[21]

R.A. M[ACKAY]

[PIÈCE JOINTE/ENCLOSURE]

Projet de résolution sur la consultation politique

Draft Resolution on Political Consultation

SECRET

The North Atlantic Council

Having regard to the obligations assumed by the parties to the North Atlantic Treaty to "contribute toward the further development of peaceful and friendly international relations" and to "consult together whenever, in the opinion of any of them, the political integrity, political independence or security of any of the parties is threatened",

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[18] Note marginale :/Marginal note:
I agree [L.B. Pearson]

[19] Note marginale :/Marginal note:
Yes [L.B. Pearson]

[20] Note marginale :/Marginal note:
ditto [L.B. Pearson]

[21] Note marginale :/Marginal note:
The draft resolution seems satisfactory but I would like to study it more carefully on the way to Paris. I have suggested an addition to the last paragraph. L.B. P[earson]

Recognizing

(a) that the security and well-being of the Atlantic Community depends not only on collective defence measures but also on co-ordinated diplomatic policies;

(b) that developments in the international situation of direct concern to one member of the Atlantic Community may also affect other members and the solidarity of the Community itself; and

(c) that this interdependence of the members of the Community has increased with the increasing destructive capacity of new weapons,

Reaffirms the following views expressed in the Interim Report of the Committee on the North Atlantic Community (Document C8-D/6) and endorsed by the Eighth Session of the North Atlantic Council at Rome:

(a) that "there is a continuing need . . . for effective consultation at an early stage on current problems, in order that national policies may be developed and action taken on the basis of a full awareness of the attitudes and interests of all members of NATO";

(b) that "the achievement of a closer degree of co-ordination of the foreign policies of the members of the North Atlantic Treaty, through development of the habit of consultation on matters of common concern, would greatly strengthen the solidarity of the Atlantic Community and increase the individual and collective capacity of its members to serve the peaceful purposes for which NATO was established"; and

(c) that the objective is "to develop such close consultation between the North Atlantic Governments on particular problems and such co-ordination of action as will best serve the common interest";

Agrees that the North Atlantic Council should be used where appropriate for prior consultation as well as for exchanges of views on political questions of common concern;

Recommends

(a) that all member governments should bear constantly in mind the desirability of bringing to the attention of the Council information on international political developments whenever they are of concern to other members of the Council or to NATO as a whole; and

(b) that the Council in permanent session should from time to time consider what specific subjects might be suitable for political consultation, and that its members should be in a position to express the views of their governments on these subjects.[22]

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[22] La note marginale de Pearson, dont il est question dans la note en bas de page précédente, a été supprimée du document original.
Pearson's marginal note referred to in the previous footnote has been erased from the original document.

280. DEA/50115-J-40

Note du représentant permanent auprès du Conseil de l'Atlantique Nord pour le secrétaire d'État aux Affaires extérieures

Memorandum from Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

SECRET [Paris], April 22, 1954

DISCUSSION OF THE TRIPARTITE REPLY TO THE SOVIET NOTE

The Council in permanent session discussed again at its meeting on April 22 the tripartite draft reply to the Soviet Note of March 31 (copy is attached for convenience of reference). There was some discussion as to the timing of the reply. While the United Kingdom and the United States Representatives agreed with your view that, if at all possible, the reply should be returned before the Geneva Meeting, the French Representative insisted that the three Ministers had not yet considered the draft reply and that so far as he knew no agreement had been reached as to the time of the reply.

2. There was also some discussion whether the draft document should be submitted to the Ministers for consideration. After Permanent Representatives had exchanged views on the reply, it was thought that unless any Foreign Minister had important points of substance to raise, it might be better if the Permanent Representatives were to agree to meet on Saturday should anyone of them, having consulted his Minister, have further points of detail to raise.

3. It soon transpired that while some delegations, the Belgian and the Greek in particular, felt that the tone of the note was somewhat too timid, other delegations, the Danish and the Norwegian, thought that, in general, the note was well balanced and would be effective as regards public opinion. It was generally agreed, however, that in certain respects at least the draft required some tidying up. For instance, the United Kingdom Representative recognized that it might be desirable to invert the order of the last two sentences in paragraph 4. The Greek and the Portuguese Permanent Representatives supported our suggestion that it might be preferable to indicate in paragraph 5 that NATO had been created in view of the disparity of strength between the two blocs and that there had been no fundamental change in that situation. These and a few other points will be reported to the drafting group and will be taken into account in the final revision of the draft, in the light of the comments of the three Foreign Ministers principally concerned.

4. As I understand the position, unless one of the Foreign Ministers wishes to raise, at the meeting today, a question of principle or unless one of the Permanent Representatives, after consultation with his Foreign Minister, wishes to have partic-

ular points discussed at a meeting Saturday morning, there will be no further Council discussion of the draft reply under reference.[23]

L.D. W[ILGRESS]

281. DEA/50115-J-40

Le secrétaire d'État aux Affaires extérieures aux chefs de Poste à l'étranger

Secretary of State for External Affairs to Heads of Posts Abroad

CIRCULAR DOCUMENT NO. A. 119/54 Ottawa, May 19, 1954

SECRET

MINISTERIAL MEETING OF THE NORTH ATLANTIC COUNCIL HELD IN PARIS ON APRIL 23, 1954

Attached for your information is a report prepared by our NATO Delegation on the Ministerial Meeting of the North Atlantic Council held in Paris on April 23, 1954. Also attached as annexes to this report are:

(a) opening speech delivered by the Chairman of the Council, M. Bidault, at the public session;†

(b) speech by Lord Ismay, the Secretary-General, at the public session;†

(c) text of the Council Resolution on Political Consultation; and

(d) text of final communique.[24]

This meeting was attended by Foreign Ministers and was concerned chiefly with a review of the most recent developments in the international political situation.

BENJAMIN ROGERS
for Secretary of State
for External Affairs

[23] Pour le projet de réponse et la réponse finale des trois parties, voir/For the draft and final tri-partite reply, see United States, Department of State, *FRUS, 1952-54*, Volume V, Washington: Government Printing Office, 1983, pp. 505-507 et/and *Bulletin*, Volume XXX, No. 777, May 17, 1954, pp. 756-757.

[24] Voir, Conseil de l'Atlantique Nord, *Textes des communiqués finals, 1949-1974*, Bruxelles: Service de l'information OTAN, s.d., pp. 85-86./See North Atlantic Council, *Texts of Final Communiques, 1949-1974*, Brussels: NATO Information Service, n.d., pp. 82-83.

[PIÈCE JOINTE 1/ENCLOSURE 1]

Rapport de la Délégation auprès du Conseil de l'Atlantique Nord

Report by Delegation to North Atlantic Council

SECRET

REPORT ON THE MINISTERIAL MEETING OF THE NORTH ATLANTIC COUNCIL, ON APRIL 23RD, 1954

I. PUBLIC SESSION

II. BUSINESS SESSION

Item I — Interim Report by the Secretary-General

Item II — Consideration of the International Political Situation

A — Trends and Implications of Soviet Policy
— Soviet Policy
— NATO
— The E.D.C.
— The Geneva Conference

B — The Status of the East German Government

C — Political Consultation

D — The Duration of the North Atlantic Treaty

E — Site of NATO Headquarters

III. RESTRICTED SESSION

A — United States Security Policy

B — Indo China

C — Marshal Juin

IV. COMMUNIQUÉ

MINISTERIAL MEETING OF THE COUNCIL ON APRIL 23RD, 1954

I. PUBLIC SESSION

As usual, the Ministerial meeting began with a public session. The Chairman, M. Bidault, and the Secretary-General, Lord Ismay, made short speeches on the general theme of the fifth Anniversary of the organization. They pointed out that the Alliance had been created to meet the Soviet threat, that during five short years it had achieved important material and moral results; the danger, however, remained and the need for continuing and developing unity and solidarity among the members of the alliance, in the face of subtler Soviet tactics was as great as ever. (Copies of these speeches are attached).

II. BUSINESS SESSION

2. In opening the second part of the meeting, M. Bidault invited the Council to settle three procedural points:

(a) a working Group, under the chairmanship of M. Fenoaltea, the Assistant Secretary-General for political affairs, was appointed to draft the communiqué;

(b) in order to advise General Gruenther as to attendance at his briefing on Saturday, April 24th, a survey was made: it transpired that a large majority of the Foreign Ministers would attend.

(c) a restricted meeting would be held in the course of the day, with only Foreign Ministers, Permanent Representatives, and one adviser.

Item I — Report by the Secretary-General on the Work of the Organization Since the Last Ministerial Meeting

3. Lord Ismay explained that he had not prepared a written report as only four months had elapsed since the last meeting, and as he was preparing a more comprehensive survey covering the first five years of NATO.

4. The major developments since the last meeting were as follows:

(a) there had been an increase in political consultation;

(b) emergency planning had gone forward systematically;

(c) two technical advisers had been appointed in the field of civil defence;

(d) liaison had been established with the competent military commanders as regards the problem of air defence;

(e) further progress had been made by the wartime commodity committee and by the shipping boards;

(f) a good deal had been done as regards information. The fifth anniversary had provided a good opportunity to obtain publicity for the organization;

(g) a large number of visitors, parliamentarians, journalists, radio officials had been briefed by the Secretariat;

(h) infrastructure work was proceeding but slowly. Difficulties were due to the number of authorities involved, the technical and varied nature of the projects and the checks and controls which were required.

(i) a substantially simplified annual review questionnaire had been circulated, and if answers were received in time, a well-considered report would be submitted to the next ministerial meeting.

Item II — Consideration of the International Political Situation

5. At the suggestion of the Chairman, it was agreed to discuss four general subjects under this heading:

A. Trends and Implications of Soviet Policy.

B. The Status of the East German Government.

C. Political Consultation within NATO.

D. The Duration of the North Atlantic Treaty.

A. *Trends and Implications of Soviet Policy*

6. Most ministers expressed their appreciation for the Secretariat paper (C.M.(54)33) and their general approval of its conclusions.

Soviet Policy

7. Mr. Zorlu, the Turkish Permanent representative, developed on behalf of the Foreign Minister, the Turkish thesis that the Soviet leaders were hoping to achieve

world domination, and that for the time-being, there was a disequilibrium between their ambitions and the means at their disposal. Two stages could be foreseen:

(a) in a first period, the U.S.S.R. are trying to lull the vigilance of their opponents to slow down their defence effort and to divide them.

(b) as soon as they will feel strong enough, Soviet leaders will attempt an open attack.

It was therefore vital, as Soviet policy always reflected an appreciation of the balance of forces between the two blocs, to develop the strength and unity of NATO. This was the only way not only of preserving peace but of obtaining concessions.

8. The Greek Foreign Minister argued for similar reasons that NATO unity and social stability within member countries should be developed; this might convince the Soviet leaders, in the end, that it would be preferable for them to reach negotiated settlements.

9. Mr. Eden agreed that Soviet aims had not changed, and that the disruption of NATO remained the main Communist objective while EDC was the point of attack. If the USSR could not divide the alliance, their second best aim was to keep NATO countries as weak as possible by placing every possible obstacle in the way of a German defence contribution. Berlin had been a test of our solidarity. Soviet diplomacy had become more intelligent since Stalin's death. Soviet leaders wished to prevent an increase of tension, hoping that we will relax and allow our unity to weaken. It was possible that they had domestic and satellite troubles, but they were not prepared to pay a serious price for a relaxation of the tension. They gave an appearance of reasonableness, but were not willing to withdraw from any of their fixed positions in Europe. It was, therefore, necessary to assume that if the camouflage was better, the threat still existed, and long, costly defence efforts had to be continued.

NATO

10. Mr. Eden felt that the NATO countries had launched an experiment of exceptional significance. They had created a unique organization with increasing military and political strength. More importantly, they had set a pattern of co-operation which other countries might, in time, come to imitate, and thus, they had made a great contribution to world peace.

11. M. Beyen was more restrained and somewhat worried about the future for two reasons:

(a) in the past, NATO had worked against a definite menace — the long haul, politically and intellectually presented more difficulties.

(b) in the future, the influence of developments in Asia would become more important in our policies. While a community of conception and purpose was easy to realize in Europe, if we attempted to extend the scope of cooperation beyond the NATO area, political difficulties of a serious nature were bound to arise.

12. M. Beyen added that NATO would have to reconcile two conflicting requirements: on the one hand, what happened in other areas was of concern to NATO but, on the other, it was necessary not to apply NATO solutions to different problems in

other areas. There was no sense in suggesting, for instance, that a South Pacific NATO was possible.

13. In the course of his remarks, the Portuguese Foreign Minister made the point that threatening developments outside of the NATO area had repercussions on all member countries. Communist victories in Asia reduced the security of the NATO countries. It was, therefore, in the interests of members of the Alliance to ensure that aggression anywhere should not be successful. Even if the expansion of communism was the main danger, it was not possible to overlook threats from other sources.

14. The Portuguese Foreign Minister went on to say that his government were now facing in Asia problems which might affect the Alliance. The integrity of the Asian provinces of his country were not a matter of concern only to Portugal but they represented advanced positions of the West and their protection had a symbolic significance which it was difficult to overrate. In spite of her legal and moral rights and her best efforts to reach an understanding the relations of Portugal with larger neighbours in Asia were becoming increasingly difficult. If the threat were to materialize, the Portuguese government might have to exercise their right of consultation, as provided in the Treaty. "Territorial integrity" was involved.

(On the eve of the meeting the Portuguese Foreign Minister had called on Mr. Pearson to stress the concern of his government about Portuguese possessions in the Far East. In the course of the conversation there was mention of the remarks which the Prime Minister made during his tour and which had a bearing on the position of Goa.)[25]

The E.D.C.

15. The Greek Foreign Minister felt that the moral unity of the West was perhaps its most important protection against the new Soviet tactics. This unity would not be complete, however, until Germany had become fully associated with NATO countries. Delays involved uncertainty and weakness.

16. Mr. Eden recalled that the United Kingdom had done their utmost to give practical effect to their support for the E.D.C. He hoped that this would encourage countries to ratify. Every month which passed showed more clearly the need for associating Germany to the Alliance. If no solution was found soon, Germans would become impatient with their status. Further progress towards integration was therefore most urgently required if this fundamental problem was to be solved. If the present opportunity was lost, another might not recur. With all its defects, the E.D.C. still represented the most effective way of bringing Germany into the family.

17. The Netherlands Foreign Minister made a most moving and impressive speech on this subject. He thought that the real problem was not one of raising twelve German divisions or even one of controlling German rearmament, but the essential one of giving Germany the place she deserved in the European community. In the past, Germany had not been willing or able to accept her place, as an equal. She had sought to achieve domination by force, and as a result, she had been compelled

[25] Voir/See Document 440.

to accept often less than equal status. This had created a great and difficult problem for the Germans, and it was to cope with this crucial matter that the E.D.C. plan had been developed. The Benelux countries which had ratified the Treaty had been aware of what the German menace was, but they had gone ahead, in the full realization of the sacrifices and difficulties involved because they felt that this was the one way to solve the problem. They were moved by the political and psychological reluctance of the French to overcome the practical difficulties created by the child of their own logic. Whatever its shortcomings, the E.D.C. was the only approach to the core of the German problem, and its failure would create confusion which would be of benefit only to the enemies of NATO.

18. M. Beyen concluded by stressing that

(a) it was appropriate for those who had ratified to stress again the real importance of quick action and to invite those who were looking for alternative solutions to look at the real issue;

(b) the problems of these future E.D.C. partners who were struggling with the decision were fully understood;

(c) he was grateful to these countries which, being unable to join the E.D.C., had created with it links which would strengthen NATO.

19. The Italian Foreign Minister reported that his government had submitted again to Parliament the E.D.C. Treaty for ratification. The Treaty was in accord with the fundamental European policy which they were pursuing, and they hoped that ratification would be achieved without delay. Allied governments in eliminating existing difficulties could rally democratic popular opinion behind this policy, and thus facilitate the task of the Italian government.

20. The Norwegian and the Danish Foreign Ministers spoke along similar lines. Their countries were unable to join the E.D.C., but they attached the greatest importance to early ratification. Militarily, German contingents could facilitate the defence of Scandinavia; politically, the E.D.C. was the only practical solution to associate a free Germany with the West.

21. M. Bidault seemed to be extremely tired and impatient. His intervention was not at times as lucid as could be desired. He began by expressing his general agreement with those who had spoken before and, in particular, with Messrs. Beyen and Eden. He recalled that, in Berlin, France had pressed for the establishment of a free, democratic and united Germany and that, in the E.D.C. Treaty itself, she had agreed that there should be no discrimination between members, no dominating position for anyone.

22. M. Bidault expressed his gratefulness to the United Kingdom and to the United States governments for their recent declarations. There would be an equitable proportion of United Kingdom and United States forces on the continent, the forward strategy had been confirmed, a degree of integration between the forces assigned to the defence of Europe would be achieved, and the North Atlantic Treaty would be considered as having an indefinite duration. This was an historical gesture without precedent.

23. For their part, the French government (which was not so weak as many suggested) and the French Foreign Minister (who was not so ephemeral as was reported) intended to carry out their pledge and to go ahead with their plans for ratification. It was not helpful, however, to urge ratification through press releases or to speculate publicly how far M. Bidault himself might be prepared to go in defending the Treaty. Furthermore, it was not really necessary to give public advice to the French Foreign Minister as to how he might proceed.

24. At that point, M. Bidault suggested that a working group should be appointed to draft the final communiqué, and the Council dealt with other matters. Later on, at M. Bidault's suggestion, the Council had agreed that another meeting might be held in Paris, later in the year to consider the annual review. Mr. Dulles intervened to point out that, in the interval, circumstances could affect the future and even the existence of the Organization.

25. Mr. Dulles recalled that at the December meeting he had stressed the essential character of the E.D.C. as a means of providing a future for Germany and of adding German strength to the forces available to the Organization to implement the forward strategy. He still believed in what he had said on that occasion. He had also added then that unless action was taken soon, divisive forces might take command. Good progress had been made but no one could say whether divisive forces could not yet make it impossible to achieve a programme which was basic to the future of NATO. It was not possible to assume that everything would stand still until December. If critical conditions were to develop, a meeting might have to be held sooner.

26. M. Bidault thought that Mr. Dulles was right and he was grateful to him for having been right with moderation. He reiterated that his government were determined to wage and win the battle for the E.D.C. Treaty, and urged his colleagues not to take seriously newspaper criticism of United Kingdom and United States guarantees. In some quarters, opposition to the E.D.C. was such that no matter what the United Kingdom or the United States had done, there would have been criticism. M. Bidault thought that other governments could help if they could only refrain from suggesting that all was lost. The French Government were not asking for more, and they hoped that the rest would be left to them! (If, as was reported, Mr. Dulles intended to make a speech in the public session or for the communiqué, on the E.D.C., it is not surprising, in view of the tone of M. Bidault's intervention that Mr. Dulles changed his mind and took the very moderate line which M. Bidault noted with such satisfaction).

The Geneva Conference.

27. The Greek and the Portuguese Foreign Ministers suggested that the firm and yet unprovocative line followed in Berlin should be adopted in Geneva.

28. Mr. Eden hoped that the Geneva Conference would be a success and that it would lead to a restoration of peace in Indo-China; he felt that the prospects of a Pacific Pact which might give some stability in that area, depended on the possibility of attracting Asian support. As regards Korea, proposals were to be based on U.N. resolutions urging unification by peaceful means. The Communists were also referring to unification on "democratic terms", and there could be no illusions as to the difficulties involved in reaching an agreement. The United Kingdom were

determined for their part, that if the Conference were to fail, as in Berlin, it would be clear to public opinion that the fault was not their own.

B. *The Status of the East German Government*

29. This matter had been raised by the Secretary-General at the Council meeting on April 20th. He had been instructed then to prepare a draft resolution which was considered and amended by the Council in permanent session on Thursday, April 22.

30. After a short discussion, the Council agreed that:

(a) member governments should not recognize the East German Government;

(b) Permanent representatives would prepare later on a detailed resolution on this subject;

(c) reference to these decisions should be made in the final communiqué.

C. *Political Consultation*

31. In the course of his remarks, the Portuguese Foreign Minister emphasized that his government appreciated highly the information given and the consultation which had taken place before the Berlin Conference. They felt that this was a very encouraging practice, and one which should be developed. There were no longer isolated interests; if one member was concerned, so were all the others. Hence, the need for close consultation.

32. Mr. Lange, the Foreign Minister of Norway, was glad that NATO had been able to develop to such an extent the habit of free and frank exchanges of news on matters of common concern. While the problems of peace and war were of a global nature, our Alliance had set explicit limits to the defence commitments of the member countries. From the point of view of retaining the strongest possible support on the part of public opinion for NATO policies, it was important not to create the impression that commitments were extended beyond those approved by Parliaments.

33. In developing political consultation, Mr. Lange felt that it might be useful to distinguish between information on matters affecting peace and security and consultation leading to decisions or commitments to a definite line of action. The latter were justified only in so far as it related to the NATO Treaty area. There was a danger of losing public support in sliding into a kind of universal security arrangement; to meet these broader issues, it was better to envisage interlocking regional security arrangements. Public support for NATO was now based not only on geographical considerations but also in all member countries, there was general acceptance of a common set of ideals, of a certain pattern of political institutions, which were embodied in the Atlantic Community idea. If commitments were extended beyond the present NATO area, the organization would experience much greater difficulties in retaining its unity.

34. Mr. Pearson had circulated a resolution on the subject. He pointed out that his resolution underlined the desirability of using the Council to the maximum extent for political consultation. It was highly satisfactory that an effective and increasingly useful mechanism for consultation had been developed. It was desirable to

build up NATO further as an indispensable agency for political cooperation as well as for defence.

35. In the course of his remarks, Mr. Pearson stressed the point that all other member countries were indebted to the Big Three for the part they had played in developing the habit of consultation, among themselves first and then with their NATO partners; it was not intended also to interfere with existing channels of diplomacy.

36. Mr. Pearson agreed with Mr. Lange that there were two fields for political consultation: in respect of situations which involved special obligations and commitments (Articles 5 and 6 of the Treaty); and in respect of situations where military obligations were not involved, but where information was most useful (Article 4). While in the first case the limits of our obligations could not be extended without the approval of Parliaments, in the second case there was no limitation. When one or more member countries were making or contemplating decisions which resulted in proposals or policies which might affect the organization as a whole, it was important that there should be consultation. Even if some member countries were not directly concerned, they might, on occasion, give useful support.

37. In conclusion, Mr. Pearson pointed out that the development of political consultation was significant in terms of Article 2 which was not limited to social and economic cooperation.

38. Mr. Lange, the Norwegian Foreign Minister, strongly supported Mr. Pearson's proposal. He stressed the importance of consultation as far as possible in advance. The Italian and the Danish Foreign Ministers also endorsed the resolution. Mr. Dulles, while agreeing in principle, hoped that the proposal would be given a reasonable interpretation. A government like his own was complex and involved in a network of Treaty obligations. The area of consultation both internal and external could be so extended that it might restrict capacity for action. This might be particularly difficult in cases of emergency. Consultation was a means to an end: it should not prevent appropriate and, on occasion, swift action. On the understanding, which was readily given by Mr. Pearson, the Canadian resolution was adopted. (Copy is attached).

D. *Duration of the North Atlantic Treaty*

39. This matter had been discussed a few days before by the Council in Permanent Session. The French representative had referred to the declarations made recently by the United Kingdom and the United States governments as to the duration of the North Atlantic Treaty: on that occasion the Permanent representatives of Norway and Denmark had reported that their Foreign Ministers would require time to consult, in accordance with their constitutional practice, the Foreign Affairs Parliamentary Committee. The Council had agreed that the matter might be brought to the attention of Foreign Ministers but that it would not be possible to consider a resolution on the subject in the course of the meeting.

40. In spite of this understanding, M. Bidault indicated that, on behalf of his government, he was prepared to declare that the Treaty was of indefinite duration. This was, he felt, of great advantage to European countries, and he suggested that a general statement might be acceptable to the Council. The Norwegian, the Danish

and the Portuguese Foreign Ministers, objected very strongly, and it was agreed that the matter should be considered later by the Permanent Representatives.

41. Mr. Spaak thought that, for purposes of ratification, it might be useful to make the point that if the E.D.C. came into being, the U.S. and the U.K. guarantees incorporated in the North Atlantic Treaty would be extended indefinitely: the Council agreed that a paragraph in the final communiqué might record that the statements in question had been noted with satisfaction. On second thoughts, however, M. Bidault did not feel that such a statement would be particularly helpful, and the paragraph was deleted.

E. *Site of the Permanent NATO Headquarters*

42. In the course of the meeting, M. Bidault announced that his government had now decided to place at the disposal of the Organization one of the best sites in Paris, at the Porte Dauphine, on the Boulevards Extérieurs. Full particulars would be given to Permanent representatives later. In accepting this offer, the Secretary-General expressed the hope that many delegations would find it possible to have their offices with those of the international staff. Both were serving member governments and cooperation would be facilitated if they could be in the same building.

III. RESTRICTED SESSION

A. *United States Security Policy*

43. Mr. Dulles admitted in his opening remarks that it was somewhat unpleasant to discuss the use of atomic weapons. The subject did not lend itself to useful public expression, because of limitations which derived from circumstances as well as from moral restraints. It was also important that a potential enemy should not be aware of any such limitations as his problem of defence would be simplified.

44. The primary purpose of the United States in their security policy was to deter aggression and to prevent the outbreak of war. To this end, it was essential to recognize that atomic weapons had a vital part to play. The principal danger to the West was the great concentration of military power within the Soviet bloc, combined with imperialistic purposes which were subject to no moral inhibitions. Their vast array of people and military equipment, centrally located, presented a threat around a periphery of some 20,000 miles. From the center, they could strike in any direction.

45. It was clear that the enemy could never be deterred from aggression if he knew in advance that he would be countered only at the place and through means he had selected. If he were sure of that, if he knew that his means would be met only by like means, he could safely attack where he would be sure that he would have the advantage of power and thus his valuable assets would not be endangered. We knew that it would be difficult if not impossible for the Free World to attempt to match the non-atomic military strength of the Soviets. If we attempted to do so, we would develop economic and social strains so serious that we would be losing strength and exposing ourselves to subversion and unrest, to forms of attack against which we must also be on guard.

46. The Soviet Union had atomic weapons and had trained her permanent forces personnel in the employment of such weapons. We must assume that, in case of war, the U.S.S.R. will use atomic weapons and try to achieve maximum surprise. As the enemy would enjoy the advantage of surprise, the United States Government believed that the risk of Soviet aggression by means of open war could be minimized to the extent that the Free World maintained a posture of superiority through adequate retaliatory strength. It was therefore the basic policy of the U.S.A. to develop and maintain military strength with emphasis on the capacity to exert retaliatory power. The U.S. government believed, however, that the security posture of the Free World could be adequate only if atomic means were integrated within its overall military capabilities.

47. If the Free World did not enjoy an instant and formidable capacity to retaliate, it would be dominated now by the U.S.S.R. Their power was restrained by the fear of retaliation, the fear of defeat, and the fear that in the end, their régime would collapse. The power to strike back, in a state of instant readiness was therefore vital until effective control of atomic power, with adequate safeguards could be developed.

48. The current NATO programme was not sufficient to ensure the defence of the West. The decision to level off the build-up of the forces and to concentrate on quality weapons implied freedom to use new weapons in the event of attack. The United States for their part had accepted the assumption that atomic weapons would be available. Without these weapons, the security of the NATO forces would be in jeopardy. The liberty to use these weapons as conventional ones was essential to the defence of the NATO area. This was required if our military capacity was to achieve the greatest deterrent effect.

49. The willingness to use atomic weapons whenever and wherever possible was however subject to many factors, some of which were not purely military. The United States Government intended to consult their allies and to cooperate fully with them. In fact, consultation was an important means to assure that available strength was used to best advantage. It was important, therefore, to ensure that the methods of consultation contributed to the common security. Under certain contingencies, time might not permit consultation. As far as possible, it was therefore desirable to seek understanding in advance on the best course to follow. Such agreements would also help in deterring aggression and in assuring protection if it occurred.

50. Throughout history, the more civilized peoples had depended on the greater resourcefulness which their freedom generated for their ultimate protection. If the Free World were to renounce its potential superiority in new weapons, it would abandon the very principle which had enabled it to survive. With its very existence at stake, it would be suicidal to give up atomic and thermonuclear superiority unless safeguards could be assured. If the West were to say that these weapons would be used only in retaliation and only if the Soviets started a world war, its deterrent power would disappear. The temptation to start the war, in the expectation that it would be fought on Soviet terms would be irresistible. The West must be free

to use atomic weapons when this might be to its advantage; the West must be able to strike where it hurts and this involves atomic power.

51. If the West was free, able and willing to make the aggressor lose more than he was likely to win, the potential aggressor could not calculate his gains. If, on the contrary, he was assured of sanctuary status for his main assets, aggression would be encouraged. He could undertake local aggressions, concentrate his offensive means, and gradually achieve superiority. To deny him these advantages did not mean that all local wars would become general wars or that indiscriminate use of atomic weapons was contemplated. The primary goal was to prevent war. The Soviet Union had to recognize that the Free World would defend itself with all the means at its disposal. The deterrent power of the new weapons was effective only as long as the Free World retained the strength and the will to use them.

52. If the West could meet these tests, general war might be avoided. Until effective controls could be established, the course outlined above was the only hopeful one. The United States Government would continue their efforts to achieve agreement. They were exploring with complete dedication the possibilities offered by President Eisenhower's proposals but they were prepared to examine also any other approach which did not involve an increase in the peril to the free nations.

53. Mr. Dulles spoke late in the day. He was reading an obviously carefully prepared paper. His colleagues could hardly do more than note his remarks. Mr. Eden intervened briefly, however, to stress the dominating character of the problem, the special responsibilities of the countries which had done work in the atomic field and the obligation of all to be realistic. He felt that the Free Nations had the duty to go ahead in their work within the U.N. Disarmament Committee, even if one of the parties was not prepared to attend.

B. *Indo-China*

54. Many Foreign Ministers, in the course of their remarks, had paid homage to the gallantry of French Union forces fighting in Indo-China. Some had drawn attention to the significance of their struggle both for the free world and for NATO.

55. In closing the restricted session, M. Bidault spoke briefly on this subject. To put it in a nutshell, the problem was that France had friends all over Indo-China, and politically, she had to have forces everywhere. Laos covered half the area of France. there was Cambodia with her "whimsical" King and a 2500 km. coast-line. Militarily, French forces were overextended and weak everywhere. This explained why an old military nation which had been given so much assistance was now facing a grave and difficult moment in her history. He concluded his remarks by adding that what was happening at Dien-Bien-Phu was not a matter of indifference to NATO. Our fight against Communists was the same everywhere.

C. *Marshal Juin*

56. At the Council meeting on April 20th, the Netherlands representative recalled that a few weeks before Council had passed a resolution concerning Marshal Juin.[26] This resolution had been adopted on the understanding that the French Government would take action. He wondered whether the Secretary-General or the French Representative could give any information as to developments. M. Alphand reported that he had been instructed by M. Bidault to advise the Council that this was a matter which would be raised in a restricted session during the Ministerial Meeting. It is interesting to note that M. Bidault did not suggest that there should be any discussion concerning Marshal Juin's position or the intentions of the French government in this regard.

IV. COMMUNIQUÉ

57. A communiqué had been drafted by a Working Group which met while Foreign Ministers were in session. It was approved very quickly. (Copy is attached for convenience of reference.)

[PIÈCE JOINTE 2/ENCLOSURE 2]

Communiqué de presse

Press Release

No. 15-54M For immediate release

RESOLUTION ON POLITICAL CONSULTATION

The North Atlantic Council

Having Regard to the obligations assumed by the Parties to the North Atlantic Treaty.

Recognising

(a) that the security and unity of the Atlantic Community depend not only on collective defence measures but also on co-ordinated diplomatic policies; and

(b) that developments in the international situation affect each of the Parties;

Reaffirms the views of the Committee on the North Atlantic community endorsed by the Eighth Session of the Council at Rome;

Agrees that the Council should be used when appropriate for exchanges of views on political questions of common concern;

Recommends

(a) that all member governments should bear constantly in mind the desirability of bringing to the attention of the Council information on international political devel-

[26] Le 27 mars 1954, le maréchal Alfonse Pierre Juin, commandant en chef des Forces armées de l'OTAN, Secteur du centre, a critiqué publiquement la structure du commandement de l'OTAN et s'est objecté aux projets voulant que la CED absorbe un contingent important de l'armée française. On March 27, 1954, Marshal Alfonse Pierre Juin, Commander-in-Chief, NATO Forces, Central Sector, publicly criticized NATO's command structure and objected to plans for the proposed EDC to absorb a substantial portion of the French army.

opments whenever they are of concern to other members of the Council or to the Organization as a whole; and

(b) that the Council in permanent session should from time to time consider what specific subject might be suitable for political consultation at one of its subsequent meetings when its members should be in a position to express the views of their governments on this subject.

3e PARTIE/PART 3

PROPOSITIONS DE L'UNION SOVIÉTIQUE CONCERNANT LA SÉCURITÉ EUROPÉENNE SOVIET PROPOSALS FOR EUROPEAN SECURITY

282. DEA/50030-V-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 239 Paris, April 2, 1954

SECRET. IMPORTANT.

Repeat London No. 32.

LATEST SOVIET NOTE[27]

As if inspired by our discussion on the previous day concerning political consultation, Lord Ismay yesterday called together the Council at short notice in restricted session to consider the latest Soviet note[28] and the position of Marshall Juin.[29] I shall be dealing with the latter subject in a separate telegram.†

2. An interesting preliminary discussion took place on the latest Soviet note. The United Kingdom representative was the only one with instructions as he was able to read the statement which Mr. Eden was making in the House of Commons that same afternoon.[30]

[27] Pour la première note de l'Union soviétique, voir le document 272./For the first Soviet note, see Document 272.

[28] Cette note exprimait le désir de Moscou de se joindre à l'OTAN. Voir/This note expressed Moscow's interest in joining NATO. See *Documents on International Affairs, 1954*, London, Royal Institute of International Affairs-Oxford University Press, 1957, pp. 39-43.

[29] Le 27 mars 1954, le maréchal Alfonse Pierre Juin, commandement en chef des Forces armées de l'OTAN, Secteur du centre, a critiqué publiquement la structure du commandement de l'OTAN et s'est objecté aux projets voulant que la CED absorbe un contingent important de l'armée française. On March 27, 1954, Marshal Alfonse Pierre Juin, Commander-in-Chief, NATO Forces, Central Sector, publicly criticized NATO's command structure and objected to plans for the proposed EDC to absorb a substantial portion of the French army.

[30] Voir/See Great Britain, House of Commons, *Debates*, 5th Series, Volume 525, columns 2233-34.

3. The two most interesting interventions were those of the French and Turkish representatives. M. Alphand, expressing the preliminary reaction of officials of the Quai d'Orsay, said that they considered the note directed against the EDC Treaty and German participation in the defence of western Europe. What was most interesting in the note were the differences as compared with the Soviet attitude at Berlin.[31] First, there was the inclusion of the United States in the proposed European security organization, whereas at Berlin the United States had been relegated to the position of an observer. Secondly, Communist China has now disappeared and was not even proposed for observer status. Thirdly, while at Berlin the North Atlantic Pact had been attacked, it was now acceptable to the Soviet Union to the extent that they were prepared to join the organization. This would have the effect of making NATO a Paris branch of the United Nations.

4. After Alphand had spoken Lord Ismay called attention to the last sentence in the penultimate paragraph of the Soviet note where it is stated that "the ground will be laid to prevent any part of Germany from becoming involved in military groups". Lord Ismay said that this confirmed the contention of Alphand that the note was directed primarily against German rearmament.

5. The Turkish representative in a short but thoughtful intervention said that the note should not be regarded merely as another propaganda effort; it should be taken seriously as part of a determined peace offensive. It was timed to coincide with public consternation in western countries over the horrible efficacy of the hydrogen bomb. It might be that the bomb had instilled genuine fear in the Soviet leaders and this was leading them to intensify the peace offensive. This made it all the more important for the NATO countries to work through Article II to strengthen their unity in order that they may work together effectively in the face of a real Soviet peace offensive.

6. All of the representatives who spoke said that the note should be taken seriously in spite of its preposterous character. In framing the reply to the note the three powers should have particular regard to probable public reaction. The Norwegian representative and others said they hoped a further opportunity would be given of a discussion in council so that representatives of other countries could make their views known before the three powers had made up their minds as to the main lines of their reply.

7. Accordingly it was agreed that there should be a further discussion in council after representatives had had an opportunity of obtaining instructions from their governments. After some discussion it was agreed that there should be a restricted session on Wednesday, April 7, to discuss the note further.

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[31] Les ministres des Affaires étrangères de la France, de l'Union soviétique, du Royaume-Uni et des États-Unis se sont réunis à Berlin du 25 janvier au 19 février 1954 pour discuter de la question allemande, des problèmes concernant la sécurité internationale et européenne et du Traité de l'État autrichien. C'est à l'issue de ces discussions qu'ils se sont entendus pour tenir la conférence à Genève sur la Corée et l'Indochine. Voir le document 19.
The Foreign Ministers of France, the Soviet Union, the United Kingdom and the United States met in Berlin between January 25 and February 19, 1954 to discuss the German question, problems of international and European security, and the Austrian State Treaty. These discussions resulted in agreement to hold the Geneva conference on Korea and Indochina. See Document 19.

Action required

8. Your considered views on the Soviet note and concrete suggestions as to possible points which the three powers should bear in mind in framing their reply should reach us before Wednesday morning, April 7.

283. DEA/7802-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1328 Washington, July 29, 1954

SECRET

SOVIET NOTE OF THE 24TH OF JULY ON EUROPEAN SECURITY[32]

At our regular weekly meeting with Hayden Raynor at the State Department yesterday, we received some information about the initial United States reactions to the Soviet note of the 24th of July, and about the plans that are being made to concert an answer to it.

2. Raynor said that since, in the opinion of the State Department, it contained nothing new and nothing that the west could accept, there was a strong temptation to reject it publicly out of hand. However, every effort was being made in Washington to resist that temptation and to leave full room for unprejudiced consideration by the three countries which have been specifically addressed, and by others, of the issues that had been raised.

3. Reading from a State Department position paper, Raynor said that the note seemed to them to be virtually a carbon copy of the Soviet note of the 31st of March. The arguments that had been used in the western reply of the 7th of May would still be applicable and valid, he thought. The immediate target of the note was clearly public opinion in France. The Soviets were trying to make some capital there from the success of the Geneva Conference in reaching a settlement on Indo-China and were trying to play on the illusion that was prevalent in some quarters in France that the Soviets and the Chinese Communists were now in a mood of sweet reasonableness. The practical objective was so to influence French public opinion that the National Assembly would reject outright the EDC Treaty before it adjourned. For a wider audience the note would serve, no doubt as the Soviets saw it, to provide general support for the peace propaganda campaign. Its longer-run objective was to separate the United States from the Allies; and as such it was the diplomatic counterpart of the "Americans go home" agitation now being conducted by the local Communists Parties in Germany and France.

[32] Voir/See United States, Department of State, *Bulletin*, Volume XXXI, No. 795, September 20, 1954, pp. 398-401.

4. Raynor said that, according to preliminary indications, the appraisals of the note that had been made in the Foreign Office and in the Quai d'Orsay were very similar to those made in the State Department. In an interview which the United States Ambassador in Paris had with M. Mendes-France this Tuesday, the French Prime Minister said that in his opinion the note contained nothing new and would have little impact on French opinion. He did not expect that it would interfere in any way with his plans to submit the EDC Treaty to the National Assembly early next month. In fact, he admitted that he had been somewhat surprised by its routine and banal quality, since he had expected a démarche that would require more serious consideration. The Foreign Office had received the note with similar equanimity so that it would seem that there should be little difficulty in reaching agreement between the three powers on the reply to be returned. Raynor cautioned, however, that it was seldom so easy to concert a reply as it often seemed at the outset; and this optimistic forecast might be falsified if the note proved to have a more serious effect on opinion in Western Europe than M. Mendes-France anticipated in the case of France.

5. Arrangements have now been made for a working group, consisting of representatives of the three powers, to meet in London to draft a reply. Since the note would seem to be primarily addressed to Western Europe, the State Department are endeavouring to give every consideration to the views which may be expressed on the note by its European partners. With this end in view, no United States draft will be tabled; and it is expected that the working group in London will begin by considering a French draft. The State Department are also anxious that there should be a genuine consultation within the North Atlantic Council over the reply. Raynor admitted that on some similar occasions in the past consultation within the Council had been rather hurried and pro forma. He thought, however, that this had not been the case when the reply to the Soviet note of the 31st of March was being considered and hoped that you would agree that on that occasion the members of the Council had had full opportunity to express the views of their governments at an early stage in the drafting of the reply. A similar procedure would be followed in the case of the present note. Indeed, it was possible that it would come up for preliminary discussion in the Council today, the 29th of July.

284. DEA/7802-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 577 Paris, August 3, 1954

SECRET

Reference: Our telegram No. 561 of July 27.†
Repeat London No. 90.

NEW SOVIET NOTE

In private session on August 2 the Council gave preliminary consideration to the latest Soviet note of July 24.

2. It appeared that the United States in particular (as forecast in Washington's telegram WA-1328 of July 29) and the United Kingdom and France as well were anxious to obtain a full expression of views from other NATO members concerning the purpose and significance of the Soviet note and the considerations which should have a bearing on the content and timing of the reply.

3. It was the general opinion that the note had been rather hastily and rather clumsily prepared in order to take advantage of the political climate following the Geneva Conference, and as a final effort to prevent the ratification of the EDC Treaty. It was the universal opinion that the note contained little or nothing that is new, and that its propagandist purpose is so obvious that its impact on Western public opinion need not be taken very seriously. All speakers agreed that there was nothing in the note which would justify the Western powers undertaking a new four-power conference at the present time, and indeed it appeared to be accepted that the Soviet Union will have to give far more convincing evidence of a change of heart before Western European Governments will be willing to risk the propaganda war that a further meeting would probably entail.

4. There were no strong views concerning the timing of the reply. The big three themselves appeared to have formed no opinions on this, and none of the others had any special case to make. As to content, it appeared to be generally accepted that the reply should be brief, simple, and frank. The Netherlands suggested that it should refer to consultation among the NATO countries. Denmark, agreeing that there was nothing in the Soviet note that could be accepted, nevertheless, argued that the reply should avoid a negative tone. It would not be desirable to let it appear that the Western powers were in principle unwilling to negotiate; rather the line should be that we were ready to negotiate as soon as the Soviet Union by specific action with regard to free elections in Germany, the conclusion of an Austrian treaty not involving continued occupation, and so on, should show it is prepared to work for agreement.

5. There was no indication of when the tripartite drafting group in London were expected to produce a text. It appeared to be understood, however, that there would be further discussion in the Council as drafting proceeded or upon the basis of a tripartite text. Having received no indication of your views, we considered it unnecessary to intervene in today's discussion.[33] If you have particular comments to make on the points discussed above or on other points relating to the note or the reply, we should be grateful to receive them in the near future in order that we may put them forward when the matter comes up again.

[33] Note marginale :/Marginal note:
Our telegram, first drafted on July 30 was revised and was about to be sent on Aug. 3 when this one came in — further revisions will be made by Mr. Ford and the telegram sent today — most of our points were however covered in the Council discussion. K.B. W[illiamson]

285. DEA/7802-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM 513 Ottawa, August 4, 1954

CONFIDENTIAL

Reference: Your telegrams No. 561 of July 27 and No. 577 of August 3.
Repeat London No. 1124; Washington EX-1322.

SOVIET NOTE OF JULY 24, 1954

1. We had not expected consideration of the Soviet Note to come for discussion in the Council so soon as we had understood from United States Embassy here that it would be discussed after tripartite working group had produced a draft. Comments on the Note coincide very closely with our impressions here.

2. The U.S.S.R. appears to have miscalculated with regard to the extent of relaxation of tension which would result from the Geneva Conference. In this connection it appears curious that the U.S.S.R. should not repeat not consider it necessary to advance any new proposals of substance. The Note may therefore have been proposed simply with the purpose of influencing sufficient votes in the French Assembly to prevent ratification of EDC. But Mendes-France seems not unduly perturbed by this.

3. If the Soviet aim was limited, we think it likely that some further Soviet attempt will be made to influence Western European opinion after this Note is rejected, as the Russians surely expect it will. It is difficult to believe any further suggestions for discussions on German unity will be forthcoming, but if EDC fails to pass the French Assembly, the situation may seem to the Russians propitious for another attempt of some sort at detaching the Bonn Government from its Western alliance.

4. We understand that the United States intends to let France and the United Kingdom take the initiative in drafting a reply and this seems wise to us. You will note the claim in the Soviet note that the Western powers have failed to make any suggestions "designed to safeguard the security of *all* countries in Europe" and that "not all European states have expressed their views" on the Soviet proposal. It seems particularly important in view of these claims that the Western reply should handle these points very carefully and not leave any impression that the leading Western powers are negative in their approach and that they fail to take into account the attitudes of other Western European states. Since the Soviet Note also tries to leave the impression in West European minds that "coexistence" means the abandonment of NATO and EDC by the West, the reply might also make it clear that from the Western standpoint coexistence between East and West cannot mean that the latter leaves itself defenceless while the closely integrated Soviet bloc retains its present military power.

5. We think the Netherlands suggestion that the reply should refer to consultation among the NATO powers is a good one. We are not sure, however, that the Danish suggestion should be included in the reply. We do not necessarily require specific Soviet action as "proof" of good intentions before entering negotiations since negotiations are presumably intended to lead to a conclusion of the Austrian Treaty, free elections in Germany, and so on. Rather we would need real assurances from the Soviet Government that it was prepared to negotiate on these and other matters — assurances which are not in evidence in the present note.

6. The above comments may be useful to you when this matter comes up in Council again.

J.A. CHAPDELAINE

286. DEA/7802-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 585 Paris, August 5, 1954

CONFIDENTIAL

Reference: Your telegram No. 513 of August 4.
Repeat London No. 91; Washington No. 40.

SOVIET NOTES OF JULY 24 AND AUGUST 4

We were grateful to receive the views set out in your telegram, which will be most useful when this question is discussed in the Council again. We expect that a further discussion will take place before very long, almost certainly by Friday, August 13, as a result of the new Soviet note of August 4.[34]

2. Our present information concerning this latest Soviet approach is very limited. We have learned from the United States delegation that the approach made in Washington took the form of an actual diplomatic note, and we assume that the same course was followed in London and Paris. The United Kingdom delegation has received no information from London beyond a brief summary of the principal points made by the Soviet Ambassador in London, a summary which did not even specify the form in which the approach had been made.

3. We were asked by the officer-in-charge of the Netherlands' delegation (a first-secretary dealing with political matters) for an interview to discuss the question. The interview was not particularly productive however, as neither he nor we had available a text, and both were entirely without instructions. He appeared to be concerned lest it might be difficult for the French and the British to make a firm

[34] Voir/See United States, Department of State, *Bulletin*, Volume XXXI, No. 795, September 20, 1954, pp. 402.

rejection to the new proposal for a four-power meeting in the near future. While we have not yet been in touch with the French delegation, it is the preliminary view within the United Kingdom delegation that there should be no difficulty in taking such a course, as the new note provides no new suggestion of a possible basis for negotiation at such a conference. This consideration suggests the possibility that there may be still to come a third Soviet note designed to make the request for a conference more realistic by indicating some new possibility, however illusory, for agreement.

4. As the delegations to which we have spoken are without instructions, there is as yet no specific request for a Council meeting to discuss the latest note. Nevertheless, it seems to be generally accepted that such a discussion is likely to take place, and accordingly, we should be grateful to receive any views which you may have as soon as possible, particularly with regard to the question of whether or not a single reply to the two Russian notes would be the best course. We shall let you know at once if a definite date is set.[35]

5. In our discussion with the United Kingdom delegation, they took the occasion to underline the fact that, like the United States, London had wished the Council's discussion of the note of July 24 to be as full and frank as possible. We do not know whether the French hold the same view. It occurs to us that the latest note, consisting as it does for the most part of a proposal for a four-power conference, may not be regarded by the big three in the same light, but there is certainly no evidence here to support this possibility.

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Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM 520 Ottawa, August 6, 1954

CONFIDENTIAL

Repeat London No. 1139; Washington EX-1341; Paris No. 391.

SOVIET NOTES OF JULY 24 AND AUGUST 4

We have not yet seen the text of the August 4 note. The small amount of information so far available to us suggests that the Soviet Government realized that the proposal in the July 24 note for a conference of all European states, far from arousing opinion in Western Europe in its support or delaying French plans for a decision on EDC, simply fell flat because of the vagueness of the language and unoriginality of the terms.

[35] Note marginale :/Marginal note:
draft of a reply sent to Mr. Ford 6/8/54 a.m. K.B. W[illiamson]

2. The subsequent proposal for a Big Four meeting may have been intended in part to bolster up the first note by persuading the West that the USSR was serious in its aim of discussing European security. The Russians may also have realised that it would be more difficult for the Western powers to reject their proposal if it involved a specific invitation.

3. This will obviously make it more necessary to draft a persuasive reply which will not give the average Western European the idea that the West is not interested in negotiations. Presumably the Russians expect a refusal and will therefore be prepared to exploit it. The European security pact looks as phony to Western officials as did the "peace" campaign, but in a develcped atmosphere of relaxation in Western Europe it may have the same kind of superficial appeal to the mass of the people. We therefore consider it most important that this point be given consideration in drafting the reply.

4. Our initial feeling is that one reply by the Western Powers to the two notes would be appropriate and that it should be discussed in the Council.

R.A. MACKAY

288.

DEA/7802-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM 584

Ottawa, August 31, 1954

CONFIDENTIAL. IMPORTANT.

Repeat Washington EX-1534; London No. 1271; Bonn No. 197; Paris No. 454.

REPLY TO SOVIET NOTES

A report from London dated August 26 and published in the *New York Times* stated that a draft reply to the Soviet notes of July 24 and August 4 was in more or less final form. It would require only some drafting changes in the light of the French Assembly decision on EDC. We do not know how accurate this report is but we assume that a draft or a report of some kind will be put up to the three Governments by the working group within a few days. In view of previous consultation in NATO Council on this subject and its close connection with the general question of what happens after the defeat of EDC, we trust that the proposed reply will be fully discussed in the Council. We understand that there is a Council meeting tomorrow and this may offer an opportunity to find out the intentions of the three powers about replying to the Soviet notes. We would be grateful for whatever information you can get. We would hope to have a few days to consider the proposed reply before commenting on it for the purposes of a Council discussion. The setback to Western defence plans involved in the rejection of EDC, the strained relations between France and other powers over the Brussels discussions, the possibility of

another Soviet note or some new Soviet move in Germany all seem to make it essential that a Western reply, while it should be sent shortly, should be discussed fully by all NATO powers.

289. DEA/7802-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 650 Paris, September 2, 1954

SECRET. IMMEDIATE.

Reference: Our telegram No. 648 of September 1.†
Repeat London No. 100.

DRAFT REPLY TO SOVIET NOTES

A council meeting has been called for 11:00 a.m. on Friday September 3 to give preliminary consideration to the draft reply to the two latest Soviet notes. The United Kingdom delegation here has not yet received the text but is expecting to receive it from London by teletype during the night. The United Kingdom has undertaken to produce enough copies to permit distribution at the meeting tomorrow morning.

2. While the United Kingdom recognizes that governments can not be expected to express a final view at tomorrow morning's meeting, the delegation has admitted privately that they hope to obtain agreement tomorrow for a final meeting on Monday, September 6.

3. We are asking Canada House by telephone to send us the text by telegram during the night if they are able to obtain it, in order that we may have some opportunity to look through it tomorrow morning prior to the meeting. We assume that Canada House will wish to send you the text by telegram as soon as it is available to them, but in case we receive it first, we shall certainly send it ourselves. It will be helpful if you could inform us in time for tomorrow's meeting whether it would in fact be possible for you to send us final comments in time for a meeting on Monday.[36] In view of the position consistently supported by the Big Three that this reply should carry the full support of NATO as a whole, the proposed timetable leaves very little time for study. We would, therefore, expect to find support from, for example, our Scandinavian, Italian, Turkish and Greek colleagues in requesting a deferment of the second meeting. If we have not heard from you by tomorrow morning, we shall not refuse to accept a meeting on Monday, September 6, to

[36] Note marginale :/Marginal note:
A reply was sent "Immediate" [on] 2/9/54 saying comments would reach them for Sept 3. K.B. W[illiamson]

which all others are willing to agree. We shall, however, reserve the right to request a deferment upon receipt of instructions.

290. DEA/7802-40

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

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

TELEGRAM 1073 London, September 2, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Canac's telegram to you No. 650 of September 2.
Repeat Canac Paris No. 72.

REPLY TO SOVIET NOTE OF JULY 24 AND ORAL COMMUNICATION OF AUGUST 4

Following is text of tripartite draft reply which will be discussed in Paris tomorrow. Text begins:

H.M.G., in consultation with the United States and French Governments and other interested governments, in particular those of the NATO, have studied with close attention the Soviet Government's note of July 24 and their oral communication of August 4.

2. In these communications the Soviet Government have repeated their proposals which were fully discussed at the Berlin Conference. HMG attach great importance to European security but it cannot be usefully discussed unless the fundamental interests of all the parties concerned are safeguarded. Security in Europe cannot be brought about by the signature of a general treaty of the kind proposed by the Soviet Government. It will only result from the solution of concrete problems, of which the most pressing are those of Germany and Austria.

3. HMG note that the Soviet Government have again alleged that NATO constitutes an "aggressive military grouping". The aims of NATO are purely defensive and are in entire conformity with the charter of the United Nations. It was set up to enable the western democracies to defend themselves against the threat created by the establishment since 1945 of a heavily armed Soviet grouping in Eastern Europe. It now forms a free association of likeminded states, with other than purely military ties. There can be no question either of modifying NATO or of abandoning it.

4. The association of the German Federal Republic with other peace-loving states of Western Europe in a defensive system long after the rearming of Eastern Germany, far from constituting a threat to European security, is intended to prevent any nation from having independent recourse to the threat or use of force. This is the best guarantee for the security of all Germany's neighbours, of Germany herself and of Europe as a whole.

5. Neither in their note of July 24 nor in their oral communication of August 4 have the Soviet Government made any new proposals for a solution of the German problem. Under the proposed Soviet security treaty the present division of Germany would be maintained contrary to the profound desire of the German people. HMG, on the other hand, believe that Germany must be reunited in freedom at the earliest possible moment and that this can only be achieved by holding free elections throughout Germany under international supervision. HMG remain prepared to negotiate on the basis of the practical plan put forward by the three western powers at the Berlin Conference for the holding of elections.

6. The simplest step towards the promotion of European security remains however an early settlement of the Austrian question. In this connection HMG must once again express the view that conclusion of an Austrian Treaty should not, as proposed by the Soviet Government, be dependent upon an all-European settlement, upon a German Peace Treaty, or upon any other matter extraneous to the Austrian Treaty. At Berlin HMG offered, contingent upon prompt Soviet acceptance, to accept the Soviet text of all the previously unagreed articles in the Austrian State Treaty. HMG are prepared to renew that offer now. If the Soviet Government will sign the Treaty in these terms, agreement could thus be reached at once to restore to Austria the freedom and independence which have been promised to her since 1943.

7. Agreement on the question of disarmament would undoubtedly help to create the necessary atmosphere in which the problem of European security could usefully be discussed. HMG seek the abolition of the use, possession and manufacture of all atomic, hydrogen and other weapons of mass destruction, within a system which would include provisions for simultaneous and major reductions in conventional armaments and armed forces to levels to be agreed, the whole programme to be carried out in accordance with an agreed timetable and under effective supervision and control. During the recent discussions in the United Nations sub-committee HMG put forward proposals which could have led to progress. Although the Soviet Government were not then willing to consider these proposals, HMG will continue to seek an acceptable and effective agreement and hope that the Soviet Government will contribute to this end.

8. These are the problems to which practical agreed solution must be found if there is to be genuine security in Europe. Further international discussion of them would only be useful if there is a better prospect of finding solutions than was revealed in the exhaustive discussions at the Berlin Conference or than is now revealed in the latest Soviet communications. Her Majesty's Government remain determined to do all in their power to make progress on these problems. They hope that the Soviet Government will contribute to such progress by:

(a) Signing the Austrian State Treaty with the Soviet text of the previously unagreed articles, an offer made at the Berlin Conference by the United Kingdom, United States, France and Austria which HMG now renew;

(b) Agreeing to free elections on the basis proposed by HMG at Berlin as the essential first step towards German reunification in freedom.

If progress could be made in this way, HMG would then be prepared to agree to the convocation of a meeting of the Foreign Ministers of the United Kingdom, France, USA, and USSR to complete the action on these problems and then to consider the remaining aspects of European security. HMG sincerely hope that meanwhile the disarmament discussions can be brought to a successful conclusion. Text ends.

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Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM 598 Ottawa, September 3, 1954

SECRET. IMMEDIATE.

Reference: Your telegram No. 650 of September 2 and Telegram No. 1073 of September 2 from London.
Repeat London No. 1312; Washington EX-1576; Paris No. 468; Bonn No. 204.

REPLY TO SOVIET NOTES

We have no suggestions for change in the draft reply. It strikes an admirable balance between a firm statement of Western policy and willingness to negotiate with the Soviet Union at a four power conference, under reasonable conditions. The note focuses attention on the two points concerning which Soviet intransigence is most clearly evident. This seems to us to be the most effective way of replying both to the lengthy and vague Soviet note of July 24 and to the specific suggestion for a meeting made on August 4.

2. We would expect this note to be satisfactory to all NATO members. However, in any general discussion which may take place about the note and about current Soviet policy it may be useful for you to have some indication of our thinking on the subject since the rejection of EDC.

3. In the first place it seemed to us that the reply offered a good opportunity for a clear statement of Western policy which would put the defeat of EDC in its proper perspective and underline the fundamental unity between France, the United Kingdom and the United States as well as the other NATO powers.

4. In our telegram No. 513 of August 4 we stressed the fact that the reply should not appear too negative. I think that the draft now prepared is positive in tone and goes as far as possible to meet the Soviet suggestion for a meeting. We do not think that by adopting as positive an attitude as possible to the suggestion of a four power meeting the Western powers will delay agreement of an alternative to EDC. It will inevitably take some time to work out any method of bringing Germany into the Western camp with adequate guarantees against a revival of German militarism. It would however be unwise to get into a position where the Western powers had to

deal at the same time with the Soviet Union in a four power conference and with Western Germany in negotiations concerning German rearmament and the restoration of German sovereignty.

5. A completely negative note from the Western powers would have left the governments concerned open to the criticism that the West objected in principle to negotiating with the Soviet Union and that they were afraid that they could not maintain a common front at a four power conference.

6. The Austrians in particular would probably not have been very happy with a Western note which implied that there could be no question of meeting with the Russians until Germany was brought into NATO or into some other defence system comparable to EDC. By giving the Austrian question a prominent position in the note the three powers have dealt very effectively with this consideration.

7. The Soviet Union may intend to advance some new statements about Germany and European security at the time the General Assembly of the United Nations starts its fall session. The Western powers could moderate the propaganda effect of any such move by making it clear as they do in the note that they are willing to confer with the Soviet Union under certain specified circumstances and that they await some indication of the possibility of fruitful negotiation.

8. At the moment it seems likely that the Soviet Union is not planning any real change in its European policies and that it will not make any major move while there is the possibility that a fate similar to that of EDC will overcome any other such scheme put forward by the Western powers.

9. We cannot assume, however, that these policies are unalterable and that the Russians might not make an offer to Bonn, at least superficially attractive, to withdraw Soviet forces from Eastern Germany and accept free elections in return for a guarantee that Germany would not enter NATO. This could bring overwhelming popular support in Germany and place the Western powers in an awkward predicament. Therefore nothing should be allowed to delay the devising of a satisfactory plan to obtain a German defence contribution. Another consideration to be kept in mind is the possibility that the Soviet Union wished to stabilize the situation in the Far East by ending the war in Indochina before making any changes in its European policies.

10. The only problem that remains to be solved therefore is that of the timing of the note. It could be argued that it would be best to defer the reply until a firm date has been set for the NATO Council meeting which is to deal with the German problem, and that it could then be decided whether it would be best to send the reply immediately or to defer it until the Council could consider it in the light of their discussion of the German problem. On the other hand, it is important to reassert the unity of the NATO allies precisely at the moment when the alliance is undergoing some strain, and this we presume to be the reason for the urgency of the three power action.

11. While we do not feel strongly about the question of timing, we might raise this question and ask if consideration had been given to the arguments in favour of postponing a reply.

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Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM 599 Ottawa, September 3, 1954

SECRET. IMMEDIATE.

Reference: Your telegram No. 652 of September 3 and our telegram No. 594 of September 3.
Repeat London No. 1315; Washington EX-1578.

DRAFT REPLY TO SOVIET NOTES

We have only one comment to make on the wording of the draft note. On the assumption that the Western Powers would not want to include disarmament among topics to be discussed at a Four-Power meeting, it might be preferable to make that point quite clear by changing the last sentence in the note to read "Her Majesty's Government sincerely hope that meanwhile the disarmament discussions in the United Nations can be brought to a successful conclusion".

293. DEA/7802-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord
au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council
to Secretary of State for External Affairs

TELEGRAM 674 Paris, September 7, 1954

SECRET

Reference: Your telegrams No. 598 and 599 of September 3.
Repeat London No. 108; Bonn No. 17; Washington No. 48.

REPLY TO SOVIET NOTES

In informal session on September 7, the Council exchanged views on the draft reply to the two recent Soviet notes. The drafting powers were universally congratulated on an excellent document, and no point of substance was challenged. There were, however, certain suggestions on points of detail.

2. Belgium suggested the addition of a phrase in the sentence immediately following sub-paragraph (b) of paragraph 8. The phrase would be designed to take account of the suggestion in the Soviet note of July 24 for a conference of all European states, on the ground that the present phrasing related only to the suggestion in the note of August 4 for a Big Four Conference. For the opening phrase of this

sentence as it now stands ("if progress could be made in this way") Italy suggested the substitution of the following phrase: "If satisfactory assurance were given". Luxembourg referred to the final sentence of paragraph 3 in the French text, pointing out that the language might cause embarrassment in relation to possible future changes in NATO membership. This led the United Kingdom to observe that it was already planning to change this sentence to read "there could [be] no question either of modifying or of abandoning this conception". It was agreed that this change, applied equally to the French text, would meet the Luxembourg point.

3. Turkey suggested that there might be advantage in deferring the reply until there had been substantial progress in the matter of arranging for a German defence contribution. In reply, it was argued by the United States and the United Kingdom that one of the prime considerations governing the proposed timing was the conviction that a firm reassurance to the USSR of continuing unity among the Western powers would be of great advantage at the present time in combatting the consequence of the recent EDC developments.

4. We made a statement along the lines of your telegram which incidentally supported the United States and United Kingdom point reported in our previous paragraph.

294. DEA/7802-40

Note de la Direction européenne pour le sous-secrétaire d'État aux Affaires extérieures

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

CONFIDENTIAL [Ottawa], September 14, 1954

SOVIET ATTITUDE TOWARDS REARMING OF WEST GERMANY

Now that the Western note of September 10[37] has been delivered to the Soviet Government it is important to consider what the next Soviet move concerning Germany may be. The firm refusal of the United Kingdom, France and the United States to attend a foreign power meeting unless the Soviet Union agrees to sign a peace treaty for Austria and accept free elections as the first step in Germany, and the immediate steps taken in the West after the defeat of E.D.C. to find an alternative defence scheme, have presented the Soviet Government with clear proof that neither the course of events in France nor the post Geneva blandishments of Soviet diplomacy in Europe have shaken the resolve of the Western Governments to pursue their basic objective of granting sovereignty to West Germany and incorporating German defence measures in some kind of Western defence system. Although the Soviet Government will do what it can to undermine these governments within their own countries it can hardly hope, in spite of the uncertainties of French and German opinion, that this will provide a very sure way of halting West German

[37] Voir/See United States, Department of State, *Bulletin*, Volume XXXI, No. 795, September 20, 1954, pp. 397-98.

rearmament. The Soviet Government must face the possibility that, by aiming at something less ambitious than E.D.C. and by learning from the E.D.C. experience just how French public opinion stands, the Western powers may agree within a few months on a means of rearming West Germany and start putting that policy into effect. The important question for the Western nations is whether the Soviet Union, if faced shortly with a workable scheme for German rearmament which only the Communists in France would oppose this time, will choose to regard this as serious provocation by the West and make some move, other than a propaganda one, to underline this fact.

2. Any argument that the Soviet Government will regard final agreement on German rearmament as seriously provocative would have to rest primarily on the propaganda statements made in Moscow. There have, of course, been many statements of this kind, claiming that rearmament of West Germany was tantamount to unleashing another world war. The latest of these, published in Moscow on September 9, the day before the Western note was delivered, stated that remilitarization of Germany in any form would enormously increase the changes of a third world war. Although we do not yet have the text of this statement, which was issued by the Foreign Ministry and published in *Pravda*, it seems clear that the Soviet Government had no new policies to put forward and no new threats to utter but felt the need of another public statement on the subject to keep its views before the public in the West. These statements are obviously intended not to jolt Western Governments by an ultimatum but to increase apprehension and resentment among groups in Western countries opposing any kind of German rearmament who see in Soviet protests about Western provocation one more reason for not allowing the West Germans to have any army under any conditions.

3. The argument against the possibility of the Soviet Union's regarding the rearmament of Western Germany as serious provocation by the West is based on a number of assumptions about Soviet foreign policy in general. Without repeating these assumptions we can note certain points about the Soviet attitude towards Germany which are relevant to the question posed in this memorandum:

(1) From the standpoint of Soviet interests E.D.C. was a greater threat than any scheme which the West is likely to find to replace it,[38] and the Soviet Government did not deliver any serious ultimatum to the Western powers on this subject although it did everything it could to defeat the project without a specific threat of war. It might be argued that the Soviet Government was sure that the treaty would never be ratified and saw no need for an ultimatum. This argument, however, assumes much greater confidence on the part of the Soviet Government in its own foresight than that Government probably has when its vital interests are at stake. Although the difficulties in putting E.D.C. into effect were obvious from the beginning, the Soviet Government also knew that in spite of disagreements among Western governments and the pressures of public opinion, Western nations were, as the formation of NATO and collective action in Korea showed, capable of evolving effective defence measures, even on short notice; if the Soviet Government really

[38] Note marginale :/Marginal note:
Not necessarily [J. Léger]

felt that any rearmament of Western Germany was tantamount to aggression by the West it is hard to believe that it would not have said this much earlier in such a way that the Western nations could not misunderstand.

(2) At this late date, it is hard to think of any kind of ultimatum on the subject of German rearmament which the West would not simply have to reject. A rejection would face the Soviet Union with a humiliating loss of face or with the necessity of taking some action which would almost certainly lead to war. The course of Soviet policy since Stalin's death argues against any intention on the part of the Soviet Government to provoke such a crisis.

(3) If the Western reply to recent Soviet notes had been combined with approval of E.D.C. by the French Assembly, this rebuff to Soviet policy might have provoked some Soviet gesture as an assertion of strength. The actual course of events has, however, been embarrassing to the Western nations instead and the Soviet Government, while it cannot claim to have manipulated more than a few of the strings in the E.D.C. drama, is taking as much of the credit as possible for the final French decision. While exploiting the propaganda advantage by vociferous propaganda campaigns about German rearmament, the Soviet Government does not likely feel the need of any other action at present to maintain Soviet prestige.

(4) From a purely military standpoint it is hard to believe that the Soviet Government would be very much worried about the level of rearmament Western Germany is likely to achieve within a Western defence system in the next few years.[39] It is probably much more interested in the extent to which Western Germany enters politically and economically into the Western world and is rendered immune to Soviet offers of a bargain on reunification under terms contrary to Western interests. Whatever substitute is found for E.D.C., it seems likely that Western Germany will be a freer agent than under the terms of that treaty. This is a situation which the Soviet Union might well be able to exploit. The Soviet Government probably expects Western Germany to be rearmed shortly but hopes that this process will be accompanied by as much bad feeling, suspicion and regret among Western Governments and between these governments and the people they represent as possible. The ground would then be well prepared for a Soviet (or an East German) direct approach to Bonn on the subject of German unification and of the position of a unified Germany among the European nations. The Soviet Government has probably given up hope of changing the course of Western policy by negotiation and is now concentrating on making the most of the weak points inherent in that policy even after Western Germany has been granted full sovereignty and is formally associated with the West in its defence measures. Until that happens the Soviet Government will probably devote its main effort to propaganda about German rearmament since a complete breakdown in Western plans would be even better than the uneasy situation described above.[40]

R.A.D. FORD

[39] Note marginale :/Marginal note:
In my view the USSR is worried. [J. Léger]

[40] Note marginale :/Marginal note:
Mr. Chapdelaine: If time permits, I should like to discuss this with you and Mr. Ford. J. L[éger]

295. DEA/7802-40

Note de la Direction européenne pour le sous-secrétaire d'État aux Affaires extérieures

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

CONFIDENTIAL [Ottawa], November 1, 1954

SOVIET NOTE OF OCTOBER 23 TO WESTERN POWERS

The latest Soviet note[41] to the Western Powers on Germany, Austria and European security simply carries forward the theme of "more discussion" which the Soviet Government has developed since the deadlock on European questions at the Berlin Conference. It calls for a Four-Power meeting this month to discuss the unification of Germany, the holding of free elections in that country, the withdrawal of occupation troops from Germany and collective security in Europe. It also calls for a conference in Vienna of the ambassadors of the Four Powers and Austrian representatives to consider "remaining unsettled questions connected with the conclusion of this treaty (the State Treaty) with Austria". Examination of the text of the Soviet note does not reveal any Soviet intention to meet either of the conditions (agreement to genuinely free elections in Germany and the signing of a State Treaty for Austria) which the Western Powers laid down in their note of September 10 as prerequisites for further Four-Power meetings.

2. The note not only fails to give any indication of a real change in Soviet policy but also repeats, as dogmatically as in previous communications, the assertions that the NATO powers constitute an aggressive military bloc threatening the Soviet Union and that no military bloc exists in Eastern Europe.

3. Except for the references to the agreements among the Western Powers in London and to the Soviet disarmament proposal in the United Nations, the note might have been drafted and sent in mid-September, shortly after the last Western note was sent to the Soviet Government. The only apparent reason why the note was not sent earlier is that the much publicized Vyshinsky "acceptance" of the Anglo-French disarmament proposals and the subsequent agreement among the Four Powers on procedure for further disarmament discussions could be used to support proposals for another conference on Germany. The Soviet note of October 23 makes the most of these possibilities in claiming that "it is impossible however, at one and the same time to propose a general reduction of armaments and to carry out remilitarization of Western Germany. Such actions are incompatible". The note carried forward the disarmament theme by proposing agreement on the "size, disposition and armament of all types of German police in Eastern and Western Germany," and by stating that it is known that East Germany has no objection to "verification on the spot of the actual situation at the present time".

[41] Voir/See United States, Department of State, *Bulletin*, Volume XXXI, No. 807, December 13, 1954, pp. 902-905.

4. Although developments in the field of disarmament provide a useful means of building up the propaganda appeal of the note, particularly in France, one still wonders why the Soviet Government did not take some initiative towards a Four-Power conference shortly after the defeat of EDC and before the London agreements. The note of October 23 points out that agreement on German elections at the Berlin Conference was "prevented first of all by plans for creating the EDC". The defeat of EDC "opened possibilities" and the Soviet Government, says the note, "expresses its readiness again to consider, taking into account the aforementioned new circumstances", the Western proposals for free elections made at the Berlin Conference. The note goes on to describe the London agreements as being every bit as bad as EDC, however. The implication of these statements, judged by the preceding ones, would seem to be that, again, agreement on Germany is not likely while the West pursues these schemes of West German rearmament. This implication, if spelled out, would weaken the Soviet proposal for a conference, however, and the note, which is not very closely reasoned or imaginatively drafted in any case, goes on to other arguments in spite of these internal contradictions.

5. So far as future Soviet policy towards Germany is concerned, the present note, like other Soviet pronouncements, manages to face both ways. The note warns that "if matters reach the point of reestablishment of German militarism and involvement of Western Germany in aggressive military groupings, then the German nation for a long time will remain torn in two and from a remilitarized Western Germany there will be created a direct threat to peace in Europe". In comparison with previous Soviet utterances, this statement is neither new nor extreme. It gives no hint of what the Soviet Union intends to do in the face of such conditions. At the same time if the eventual Soviet reaction is towards a "hard" line, this statement and many others like it will be brought forward as evidence that the Soviet Government gave the West adequate warning that it would not take West German rearmament lightly.

6. The note does, on the other hand, leave the door open for friendly moves towards improved Soviet-West German relations. It carefully avoids any identification with the language of East German Communism and refers to the German problem from the lofty standpoint of one who is depressed and alarmed by the spectacle of a nation "torn into two parts opposing each other". It does not commit the Soviet Government on the delicate question of whether or not the present government in Bonn (and the people who support it in its present foreign policies) are out-and-out warmongers. Without ever being precise, it speaks more in the future tense of the possibilities of West Germany falling into the hands of militarists. To this contrived ambiguity we must add the statements of Mr. Molotov in Berlin on October 6 about the necessity of "steps aiming at a rapprochement between East and West Germany" and the particularly interesting statement about relations between the Soviet Union and the German Federal Republic:

"There is . . .".[42]

7. The note of October 23 seems intended, therefore, to serve two main purposes:

(1) to provide those in Western Europe who will oppose ratification of the London and Paris agreements with a more up to date version of the standing Soviet offer "to negotiate" which they can use in mustering a campaign similar to that used against EDC,

(2) to hold the line on Germany and Austria while the "peace offensive" in other fields probes Western weaknesses and extends Soviet prestige in general and Soviet influence on particular countries.

8. I think we can conclude, therefore, that the Soviet authorities are more or less reconciled to the rearmament of the Federal Republic and its association with the West, and are not prepared either to react strongly against it or to make great sacrifices to prevent it, though, of course, they will probably continue to exploit whatever propaganda possibilities exist for creating suspicion and disunity in the West on this issue. Soviet diplomacy is likely, however, in my opinion, to concentrate more on the West Germans than on the French and British and, as I suggested some weeks ago, will likely in due course take the form of an attempt to "normalise" relations between the Soviet Union and the Federal Republic as a preliminary to more active direct diplomacy in Bonn with the aim of weakening German attachment to the West.

R.A.D. FORD

296. DEA/7802-40

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

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

TELEGRAM 1385 London, November 5, 1954

CONFIDENTIAL

Reference: Your telegram No. 1691 of November 3.†
Repeat Canac Paris No. 104.

WESTERN REPLY TO SOVIET NOTE OF OCTOBER 3

The Foreign Office do not appear to attach any great significance to Adenauer's statement in Washington on the subject of an eventual agreement with the USSR,

[42] Le document original versé au dossier était endommagé et la citation à ce point du texte était incomplète. L'extrait suivant est tiré du discours qui était reproduit dans/The original document on file was damaged and the quotation at this point in the text was incomplete. The following excerpt is from the speech which was reprinted in *Soviet News*, Press Department of the Soviet Embassy in London, October 12, 1954: "There are no few reasons for the fact that relations between the Soviet Union and the Federal Republic of Germany should also begin to develop on a more sound basis. Suffice it to mention in this connection the broad possibilities available, for example, in the sphere of mutually advantageous economic relations."

and regard it as having been made primarily for domestic consumption in Germany, without prejudice to the Chancellor's firm intention of completing the arrangements agreed on in Paris before considering any further discussions with the Russians.

Hancock of the Foreign Office tells us that the working party here has not yet started the actual drafting of the reply to the Soviet note, and are still working on principles and tactics. He said that this time the drafting would probably take place at a later stage. After preliminary consultations with the Germans and Austrians, the general questions of substance and timing could be discussed in the NATO Council next week.

The limiting factor on timing is the proposal in the Soviet note for a four-power meeting in November. In view of this, it was the opinion of the State Department, with which the Foreign Office have concurred, that the western replies should be handed in before the end of the month. If the operation is carried out as planned, however, drafting would begin after the NATO Council discussion next week, and there should still be ample opportunity for final form.

As you probably know, it had been suggested that it might be helpful to the Austrians if the Austrian section of the reply were dealt with separately, and in advance of the reply on Germany. We understand from Hancock, however, that the Foreign Office have never been enthusiastic about this idea, and that it has now been dropped. As he pointed out, the references to the Austrian problem will probably strike the only "positive" note in the western replies, and if only for this reason the two questions should be handled together.

On substance, so far as Germany is concerned, the intention is to put off any meeting with the Russians until after ratification of the Paris Agreements. Hancock's own idea is that the replies should simply point out that the Soviet note still contains no indications of how the Russians intend to put into effect the agreed principle of free German elections, and that it is difficult to see what basis there would be for further discussions until some clarification on this point has been received. On Austria, he thinks the reply might offer to accept the Soviet proposal for a meeting of ambassadors on the assumption that this was for the purpose of signing the agreed treaty.

[N.A.] ROBERTSON

297. DEA/7802-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM 833 Ottawa, November 9, 1954

CONFIDENTIAL

Reference: Telegram No. 1385 from London (No. 104 from London to CANAC) of November 5, 1954.

Repeat London No. 1715; Bonn No. 280; Washington EX-2046.

WESTERN REPLY TO SOVIET NOTE

We understand from telegram under reference that a discussion on the general substance and timing of the Western reply to the Soviet note might be held in the Council this week. The following comments are for your guidance and to be used at your discretion in such a discussion.

2. The Soviet note of October 23 seems designed to provide a more up to date version of the standing Soviet offer to "negotiate" which can be used by those who will oppose ratification of the Paris agreements, and to hold the line on Germany and Austria while the "peace offensive" in other fields probes Western weaknesses and extends Soviet prestige in general and Soviet influence on particular countries. It seems clear that the Soviet authorities are more or less reconciled to the rearmament of the Federal Republic and its association with the West and are not prepared either to react strongly against it to make great sacrifices to prevent it. In due course the Soviet Government will likely make an attempt to "normalise" relations between the Soviet Union and the Federal Republic as a preliminary to more active direct diplomacy in Bonn with the aim of weakening German attachment to the West.

3. In view of this possible new direction in Soviet policy we were interested in the statements made in the United States by Adenauer and Hallstein about negotiations with the Soviet Union. Our Embassy in Bonn has reported the comment of an official in the Ministry of Foreign Affairs that the Chancellor had in mind the "helpful effect which such a statement might have on public opinion in this country (West Germany) in meeting S.P.D. demands for four power talks". We have also noted press reports about a statement made by M. Mendes-France on November 3. One report in the *New York Times* on November 5 stated that he had said that negotiations with Moscow could move "parallel" with the ratifications, but this report does not seem too reliable since other reports of the same statement indicate that he merely said that negotiation (after ratification) would not be incompatible with the nature of the agreements being ratified. We would be interested in the views on this point expressed by the French representative.

4. Since the Western reply can hardly wait until all ratifications are completed, we see no reason why it should not be sent towards the end of this month as planned. Apart from noting the considerations already mentioned in the September 10 Western note, the draft might also point out that, since then, NATO powers have expressed approval of the agreements reached in London and Paris and in fact have associated themselves with the Three-Power Declaration on Germany and Berlin, thus answering earlier Soviet suggestions that the three leading Western powers made declarations on European security which were not necessarily supported by the other Western powers. However, it is possibly more important than in the past to take into consideration German public opinion and we think the reply should be couched in such a way that it could not be used by Dr. Adenauer's opponents to increase his difficulties with ratification.

5. We hope that we will have an opportunity to see the draft of the proposed reply before it comes up for discussion in the Council, when we may be able to give you more detailed comments.

[J. LÉGER]

298. DEA/7802-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM 861 Ottawa, November 16, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Your Telegram No. 975 of November 15, 1954.†
Repeat London No. 1743; Washington EX-2084.

WESTERN REPLY TO SOVIET NOTES OF OCTOBER 23 AND NOVEMBER 14[43]

We understand from London that the working group in London will consider the latest Soviet note as well as the one sent on October 23. Both notes will probably be answered in one communication. There will be draft reply to either Soviet note available for tomorrow's Council discussion but we understand that the representatives of the three Western powers will give a general outline of their proposed reply.

2. The comments we made on Soviet policy in our telegram No. 833 of November 9 seem applicable to the November 14 note also. This latest note switches over to the other main theme of Soviet propaganda, that of general European security. It does not use any more threatening language about the consequences of West German rearmament than used in previous notes.

3. We assume that although several Western statesmen have recently indicated that they might be prepared to meet with the Soviet Government after the ratification of the London and Paris agreements there will be no direct reference to this timing in the Western reply. It might be possible to say that if the Soviet Union can give some concrete evidence of its desire to negotiate seriously with the West on the two points mentioned in the Western note of September 10 and if there is real progress made in the related field of disarmament through the Disarmament Commission it might be possible for the Western Powers to agree that a Four-Power conference was desirable.

4. We assume that there will be some discussion about the nature of the replies which might be made by European members of NATO apart from the United Kingdom and France to the Soviet note of November 14. This is not a question concern-

[43] Pour la note de l'Union soviétique, voir/For the Soviet Note, see *Documents on International Affairs, 1954*, pp. 58-61.

ing which we need give much advice. If it seems appropriate to express any opinion, you might point out that the latest Soviet proposal for an all-European security pact can be answered most effectively by pointing to the fact that European unity was destroyed when the Soviet Union organized a Communist political and military bloc of nations in Eastern Europe and to the fact that all the general guarantees for peaceful settlement of disputes and collective action against aggression are already contained in the United Nations charter.

299. DEA/50115-J-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 997 Paris, November 18, 1954

SECRET

Repeat London No. 161.

NATO COUNCIL MEETING — NOVEMBER 17

The Council met in private session this morning. The main question discussed was the reply to the two Soviet notes.

2. The situation as described by the United States, United Kingdom and French representatives now stands as follows. The Tripartite Working Group in London met yesterday afternoon to discuss the broad outlines of the western approach. It is intended that the replies to the October 23 and the November 14 notes will be incorporated in one document. Once it is completed, the draft reply will be circulated to the other NATO countries for their comments. It would then be for the other nine NATO powers which have received the Soviet note to decide whether they wish to reply in identical terms or not.

3. The Norwegian representative in general comments on the November 14 note said that it does not contain any new element, and that the fact that it has been sent to a large group of European countries does not in itself alter the situation. He argued strongly in favour of co-ordinating the contents of the replies to be sent by the nine NATO countries concerned, in order to forestall any attempt by the U.S.S.R. to exploit slight differences for propaganda purposes. The Italian representative supported this view, and suggested that the various replies should merely reproduce the relevant part of the three powers' note. The Dutch representative thought that identical replies would be the ideal solution but this presupposes that the draft reply prepared by the Working Group will be circulated to the governments concerned. The Chairman also expressed his agreement with this procedure, and it was then generally accepted that the various replies should be couched in identical terms. The United Kingdom representative thought it important for the London Working Group to know that this was the general desire.

4. As to the time-schedule, the United States and United Kingdom representatives said that they hoped the text of the draft reply would be available towards the end of the week, but they could give no definite assurances at this stage. The French representative stated that he had just received the paper on "basic directives" which the London group is now studying, and he offered to circulate it to the various delegations. This was immediately accepted, and the NATO Secretariat undertook to circulate this document either this afternoon or tomorrow. We shall cable this text to you as soon as available.

5. It was finally agreed that Council will meet again on Monday at 3:00 p.m. to discuss the matter further. By that time it is hoped that the text of the draft reply will be available.

6. As Canada is not a recipient of the latest Soviet note which is more the concern of the European members of NATO, we did not think it opportune for us to make any statement at this stage. You may be interested to know that the Portuguese representative told us in private that his Foreign Office thinks that Portugal has been omitted from the Soviet list because they do not maintain diplomatic relations with the U.S.S.R.

7. The Chairman asked whether anything was known about Finland's reaction to the Soviet note, but no information was volunteered by any representative. With regard to Sweden's reaction, the Danish representative said that he had heard from reliable sources that Sweden intends to delay her reply till after the reply of the NATO powers had been made. As the latter will be negative, the Swedes will then be in a position to say that no action was required on their part as the Soviet initiative had found no support.

300. DEA/50115-J-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 1002 Paris, November 18, 1954

TOP SECRET. IMPORTANT.

Reference: Our telegram No. 997 of November 17.

REPLY TO SOVIET NOTES

Following is the text of communication to NATO Council from London Tripartite Working Group referred to in paragraph 4 of our telegram under reference:

Text begins:

1. "The Soviet notes of 23rd October and 13th November have the same object, namely to postpone and, if possible, prevent plans for Western European integration and in particular the ratification of the Paris Agreements. Indeed, this object is specifically stated in para 22 of the second note.

Neither note contains anything new except proposals for conferences at stated times. The note of 23rd October shows no advance on the previous Soviet attitude regarding the solution of the German and Austrian problems. The note of 13th November simply repeats Mr. Molotov's old proposals on European security.

The note of 13th November provides a good illustration of the Soviet method of dealing in generalisations and postponing particular issues. The western powers have always favoured the opposite approach, viz., the solution of concrete problems (particularly the German and Austrian problems), thus leading to a general relaxation of international tension.

It seems legitimate to draw the following conclusions:

(a) The note is designed less to induce governments to agree to negotiations before ratification than to influence public opinion against ratification;

(b) The door is left open for discussions after ratification;

(c) Despite refusal of the Western European Governments, the Soviet Union may nevertheless hold a conference of Eastern European states perhaps to coincide with the debates in the Bundestag and the National Assembly.

2. Our first purpose is to secure ratification of the Paris Agreements and their entry into force must not be deflected.

According to our present thinking a reply should contain the following:

(a) A rebuttal of the Soviet attacks on the Paris Agreements, NATO, and European co-operation generally; and a restatement of our attitude on European security as given in our note of 7th May;

(b) On Germany and Austria, a request for elucidation of Soviet intentions, perhaps coupled with a renewal of the offer made in the Allied note of 10th September to proceed to the immediate signature of the Austrian Treaty;

(c) A conclusion which, while making it clear that the essential basis for a useful conference does not at present exist, would leave the door open for the future.

3. As regards the timing of the tripartite reply, it would seem best to send it sometime in the last week of November. The Soviet Government has proposed a four-power meeting during November and a general European meeting on 29th November. It would therefore probably be right to send in our reply before the latter date.

We will communicate the full text of our proposed reply as soon as possible to the Council.

We should welcome the views of the NATO Governments and hope these will be in line with our own." Text ends.

2. There seems to be little information contained in this text that is not already available to you. We would appreciate, however, receiving any additional comments you may wish to make in time for Monday's meeting.

301. DEA/50115-J-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM 878 Ottawa, November 19, 1954

SECRET. IMPORTANT.

Reference: Your telegrams Nos. 997 and 1002 of November 18.
Repeat London No. 1770; Washington EX-2128; Paris No. 646.

REPLY TO SOVIET NOTES

Until we see the draft text of the reply there are few additional comments we can make.

2. With regard to paragraph 7 of your telegram 997 you will now have received copies of telegram No. 37 from Stockholm† and No. 18 from Helsinki.† You may pass the substance of these reports on to the Council meeting if you think fit.

3. It now seems very likely that there will be strong governmental and public pressure in France, Germany, the U.K. and possibly other West European countries for negotiations of some sort with the Russians *after* ratification of the Paris accords. We were much impressed here by the seeming determination of Mendes-France not to let the Soviet notes interfere with ratification. At the same time the French advanced very cogent arguments in favour of not losing the initiative to the Russians in this battle which they recognise as primarily engaged in the field of propaganda but which could have an unfortunate effect in time on the peoples of Western Europe if not countered in an imaginative and positive fashion.

4. The above is for your own information but it does seem to underline the importance of avoiding a purely negative reply to the Soviet notes. We may have more specific comments to make when the draft text of the reply becomes available.

302. DEA/7802-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord
au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council
to Secretary of State for External Affairs

TELEGRAM 1018 Paris, November 22, 1954

SECRET. IMMEDIATE.

Reference: Your telegram No. 878 of November 19.

REPLY TO SOVIET NOTES

We will send you in a following telegram a summary of the discussions that took place today in private session of the Council on this matter. Following, however, is the text of the draft reply to Soviet notes of October 23 and November 13, submitted to Council by the United States, United Kingdom and French Governments.

Text begins:

"Her Majesty's Government, in consultation with the United States and French Governments, with the other NATO Governments and also with the Austrian and German Federal Governments, have considered the note of October 23 in which the Soviet Government proposed a meeting of the Foreign Ministers of the four powers in November. They have at the same time, in consultation with the interested governments, considered the Soviet Government's note of November 13 proposing a conference about collective security in Europe.

2. Here Majesty's Government are disappointed to find that, except for a suggestion for the hurried convocation of a European conference on November 29, neither of the Soviet notes contains any new proposal, whether on Germany, Austria or European security, which has not already been considered by the Western powers at the Berlin conference.

3. Both notes seem clearly intended to discredit and disrupt Western plans for the organisation of Europe. It has been the consistent policy of the Soviet Government since 1945 to attack all such plans, including those aimed at restoring normal conditions following the war. This was the case in 1947 over the Marshall Plan; in 1948 over German currency reform and the conclusion of the Brussels Treaty; in 1949 when NATO was created and the German Federal Government was formed on the basis of truly free elections, in 1950 when the European coal and steel community was set up; and 1952 when the European Defence Community Treaty was elaborated; and in 1954 when it appeared that the occupation régime in the German Federal Republic was to be terminated at an early date.

4. The association which is being built up by the Western nations is based on their common civilisation and traditions and is far broader in its scope and significance than a purely military alliance. The achievement in the countries of Western Europe of a close union in all fields is a deeply rooted aspiration of their peoples. It is a development of great importance in the history of Europe and is gaining in strength and purpose. By settling old rivalries and forming new ties it will promote the cause of peace in a region which in the past has given birth to so many wars.

5. Since the end of the war rearmament in the countries of the Soviet bloc, including Eastern Germany, has been massive and unrestricted. The Western powers have been compelled to unite for their own defence and protection against this threat. Under the Paris agreements, however, they have of their own free will accepted a system of controls, limitations and prohibitions to be applied to their forces and armaments. This system is designed to prevent any member nation from having independent recourse to the threat or use of force. Her Majesty's Government are not aware of any comparable measures taken on the Soviet side to reduce international tension and lessen the feeling of insecurity.

6. The Soviet note of November 13 is openly and explicitly aimed at delaying or preventing the ratification of the Paris agreements. Her Majesty's Government for their part are resolved to bring the Paris agreements into force as soon as possible and they do not intend to be deflected from this course. Her Majesty's Government do not believe that the cause of European security can be served by the destruction of defensive associations between states inspired by the ideal of a common civilisation. It would in no sense further security to replace such associations by new organisations which would leave fundamental divergences unresolved and would thus constitute no more than a deceptive facade. Her Majesty's Government are convinced that the Paris agreements provide the basis for the solution of some of the most difficult problems confronting Europe and that far from making the question of European security more difficult to solve they will serve its promotion and contribute to the cause of peace.

7. As regards Germany, Her Majesty's Government have noted with satisfaction that the Soviet Government fully share their view that a settlement of the German problem is of decisive importance for ensuring security in Europe. In previous notes, Her Majesty's Government have emphasized that free all-German elections are the essential first step in the process of German reunification in freedom. In its note of October 23 the Soviet Government has given no indication of its view on this point nor of its attitude towards the practical plan for the holding of early elections, which was put forward by the Governments of France, the United States and the United Kingdom at the Berlin conference. Nor has the Soviet Government advanced specific alternative proposals. Her Majesty's Government would welcome a more precise indication of any concrete proposal which the Soviet Government may now have to make concerning both the timing and the nature of the free all-German elections which the Soviet Government itself declares essential for the re-establishment of a united Germany. The Soviet Government states in its note that in such elections the German people must have the possibility of expressing their free will. In the absence of specific proposals as to how the Soviet Government would provide the German people with such an opportunity, Her Majesty's Government must look to the elections recently held in the Soviet zone of Germany as their only source of information. The denial of any free choice to the East German voters on that occasion taken together with the contents of the Soviet note, appear to indicate that the Soviet Government has not changed the position which it took at the Berlin conference on these basic questions.

8. As regards Austria, Her Majesty's Government can see no justification for the continued denial to that country of the freedom and independence promised her by the four powers in the Moscow Declaration of 1943. The Governments of the United Kingdom, United States and France have expressed themselves ready to sign the Austrian State Treaty with the Soviet text of the previously unagreed articles. The Austrian Government for their part made it plain at the Berlin conference that they concurred in this view, and this remains their position. There should therefore be no further obstacle in the way of the signature of the treaty and the termination of the occupation and the withdrawal of all foreign forces as prescribed therein. Her Majesty's Government note with disappointment that the Soviet Government nonetheless propose a meeting at Vienna to "consider the remaining unset-

tled questions relating to the draft state treaty and other questions connected with the conclusion of this treaty". Her Majesty's Government are at a loss as to the nature of the questions referred to by the Soviet Government. Her Majesty's Government for their part hereby renew the proposal in their note of September 10 to proceed to the immediate signature of the Austrian State Treaty.

9. Her Majesty's Government have on many occasions given proof of their desire to settle questions in dispute by negotiations conducted in a spirit of mutual respect for the essential interests of all the participants. They remain convinced that this is the best way of promoting the cause of peace. This cause would be ill served by a conference ending in failure. In order that negotiations may be undertaken with a reasonable prospect of success, they consider it necessary that the essential basis of agreement should have been carefully prepared and established in advance. The essential basis for a useful conference whether on Germany and Austria or on European security does not, in their view, at present exist. It is for this reason that they desire early clarification from the Soviet Government of its views on the specific problems of Germany and Austria.

10. Accordingly, Her Majesty's Government propose the following programme:

(1) Clarification by the Soviet Government of its position regarding the specific points referred to above relating to the German and Austrian problems.

(2) Should it appear from these clarifications that there is a real prospect of progress being made, a meeting of the four Foreign Ministers.

(3) Should it thereafter appear useful, a wider conference of European and other interested powers to consider the question of collective security in Europe. Text ends.

303. DEA/7802-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 1020 Paris, November 22, 1954

SECRET. IMMEDIATE.

Reference: Our telegram No. 1002 of November 18.

REPLY TO SOVIET NOTES

The Council met today in private session to consider the reply to the Soviet notes.

2. The chairman opened the discussion by asking whether it was the wish of the Council that all replies should be in identical terms omitting, of course, reference to Germany in the case of the nine powers. The Norwegian representative stated that his government wished that identity of substance be retained, but would leave the exact formulation of the note to each government. Both the Belgian and Italian

representatives agreed on the other hand on the suggestion that the reply should be couched in identical terms. The Italian representative added that their reply would, of course, be confined to the second Soviet note, but in order that agreement might be reached quickly on an identical text, he suggested that a working party be set up to consider the matter.

3. Some discussion took place as to which countries would be represented in the working party. At the early stage of the discussion it was understood that the working party was to be composed only of the nine. The special position of Portugal was briefly discussed. The Portuguese representative complained that none of the three powers had transmitted the text of the Soviet note of November 13 to his government. This brought up an explanation on the part of the French representative to the effect that his government had not seen fit to meet a request that the French Government transmit to a foreign government a note with which it did not agree. At any rate, it was decided that Portugal should also be represented in the working party. The French representative suggested that as this involved a matter of general NATO interests, both Canada and Portugal should be included in the working party. I spoke briefly on this point to say that although Canada had not even been invited indirectly, it had a general interest in the NATO consultation on the draft reply to the Soviet note, and that therefore we would wish to take part in the meetings of the working party. Finally, it was decided that all fourteen NATO countries should be on the working party.

4. The working party is meeting tomorrow at 2:30, and will report to the Council meeting of Wednesday, November 24. It is realized that most delegations will not be in a position to submit their governments' comments on the draft reply before the Council meeting, but the United States' representative indicated it was the present intention to send off the replies on November 26.

5. The Greek and Turkish representatives reported on the attitude of the Yugoslav Government regarding the reply to the Soviet note. Although the Yugoslav Government considers the Soviet proposal to hold a conference on European security as useful, it does not agree that the time to hold such a conference is propitious. The Soviet Government has not met certain conditions, the fulfilment of which is considered essential by the Yugoslav Government. Finally, it is the view of the Yugoslav Government that the initiative to hold a conference on European security should not be left to the Soviets. The free world should seize the opportunity to make proposals of its own.

6. During the second part of the meeting, the representatives, at the request of the chairman, submitted their general comments on the basic directives paper and on the draft reply.

7. The Belgian representative stated that the draft prepared by the tripartite working group was extremely satisfactory. His government fully agreed with its two basic assumptions: (a) that the Soviet note is directed at the disruption of the Western plans for ratification of the Paris agreements; (b) it leaves the door opened to further negotiating after ratification.

8. The Turkish representative also noted his satisfaction with the text of the draft reply. It contains all the points which are considered important by his government.

9. The Italian representative stated that all their suggestions are included in the draft reply but he wondered whether we could make some gains — propaganda-wise — by being more positive in our approach. He suggested for instance that the date of the future conference to be held after ratification be mentioned. Also, the agenda of the conference could be outlined. The Italian suggestion found no support. The United Kingdom representative pointed out that the reply was as positive as it could be in that it outlined certain conditions which would have to be met by the Soviets to demonstrate their good faith.

10. I made a brief intervention to outline our general views regarding the Soviet notes, based on the instructions contained in your telegrams No. 833 of November 9 and No. 861 of November 16.

11. In reply to a question put by the Italian representative the United Kingdom representative stated that Molotov's offer to delay the date of the proposed conference on European security, had not changed the plans to send the reply before November 29th.

12. The meeting finally decided that no further information should be given to the press about the present discussions nor the fact that a working party would meet to study the possibility of sending identical replies to the Soviet notes. The matter will be reconsidered at the Council meeting.

13. *Action required.* Any comments you may wish to submit on the tripartite draft reply should be received before 10:15 Wednesday, November 24.

304. DEA/7802-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM 896 Ottawa, November 23, 1954

SECRET. IMMEDIATE.

Reference: Your telegrams Nos. 1018 and 1020.
Repeat London No. 1790; Washington EX-2147.

REPLY TO SOVIET NOTES

The draft reply of the three leading Western powers seems to us to provide a very effective answer to the two most recent Soviet notes. There are two points of substance concerning which you might raise the following questions.

2. One of the main points in the Soviet note of October 23 and in Communist propaganda generally is that "it is impossible, however, at one and the same time to propose a general reduction in armaments and to carry out the remilitarization of Western Germany". It is possible that the Soviet Government will make a good deal of this point when the Sub-Committee of the Disarmament Commission meets. This claim might be answered and paragraph 5 of the draft Western reply made

even more effective as a reply to Soviet claims if a sentence were added pointing out that, far from pursuing contradictory policies, as the Soviet Union had charged, the Western powers had, in making plans for the entry of the German Federal Republic into a Western defence association, kept in mind at all times the policies which they had been advocating for years for a reduction in armaments. This sentence could go second from the last in paragraph 5.

3. We note that, whereas in the September 10 note of the Western Powers it is stated that an Austrian Treaty should not be dependent "upon all-European settlement, upon a German peace treaty, or upon any other matter extraneous to the Austrian Treaty", there is no direct reference to this point in the present draft. You might ask whether consideration has been given to repeating this point, which seems to us a good one. If the present draft is being shown to the Austrian Government, then the Austrians will have an opportunity to suggest this point if they think it worth stressing. We would be interested to know, however, whether there is any reason for not stressing this consideration this time.

4. If there is much discussion on wording, you may suggest that the last two sentences in paragraph 9 might be rearranged to make clearer that the Soviet Government is responsible for the fact that no basis exists at present for a useful conference. The present two sentences might be replaced by one sentence along the following lines: "Until they receive some clarification from the Soviet Government of its views on the specific problems of Germany and Austria, there would not appear to exist the essential basis for a useful conference, whether on Germany or Austria or on European security".

5. With regard to paragraph 9 of your telegram No. 1020 of November 18 you will be interested to know that the Italian Ambassador on Saturday asked for our views on their suggestion of fixing a date for an East-West conference to be included in the reply to the Soviet notes. He was told that we considered the idea of a conference should not be accepted as a matter of course, but that the necessary preparations had to be made first. Having not received an invitation, we obviously could not but play a secondary role and we would be prepared to accept what the majority in NATO desired. I presume from your telegram that the Italians will not press this further.

6. You will in the meantime have seen reports of Mr. Mendes-France's speech to the U.N. in New York on November 22 in which he suggested the possibility of a four-power conference in May, but our reading of this seems to indicate that the French would not want to mention this in the reply to the Soviet note.[44]

[44] Voir/See *New York Times*, November 23, 1954.

305. DEA/8508-40

Extrait du procès-verbal de la réunion hebdomadaire des directions
Extract from Weekly Division Notes

SECRET Ottawa, November 29, 1954

. . .

7. WESTERN REPLIES TO SOVIET NOTES OF OCTOBER 23 AND NOVEMBER 13

European Division: After several meetings of the NATO Council and of the Three-Power Working Group between November 24 and November 27, agreement was reached among the nations concerned on the replies to be made to the Soviet notes of October 23 (sent to the United Kingdom, France and the United States) and of November 13 (sent to twenty-two European countries). It was originally intended to have the Three-Power reply delivered to the Soviet Government on November 27, but last minute changes in the wording of the note and in the plans for timing postponed the delivery until November 29.[45] The main points in the first draft were retained but the final draft was shorter, no longer contained certain comments on Soviet policies and spelled out in more precise form the various stages envisaged by the Western Powers in carrying on any serious negotiations with the Soviet Government. The "Nine-Power Reply" (the NATO countries among the twenty-two European nations minus the three leading Western Powers) had some last minute changes also, which were felt by some of the nations concerned to have a softening effect. This reply was based very closely on that part of the Three-Power reply which dealt with the general question of European security. Notes from the nine countries were sent to the Soviet Government at the same time as the Big Three notes.[46] The Canadian representative on the North Atlantic Council had expressed our general agreement with the terms of the Three-Power draft reply and had participated in the discussion concerning the Nine-Power reply as well. Canada was not, of course, closely concerned with the final stages of drafting and sending these various replies to the Soviet notes. (Confidential)

. . .

[45] Voir/See United States, Department of State, *Bulletin*, Volume XXXI, No. 807, December 13, 1954, pp. 901-902.
[46] Voir/See *Documents on International Affairs, 1954*, p. 58.

306. DEA/7802-40

Note de la Direction européenne
pour le sous-secrétaire d'État aux Affaires extérieures

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

CONFIDENTIAL [Ottawa], December 16, 1954

SOVIET NOTE OF DECEMBER 9 TO THE THREE LEADING WESTERN POWERS[47]

The note sent by the Soviet Government on December 9 to the United Kingdom, the United States and France was harder in tone than notes sent in October and November, not because the usual threats about the rearming of West Germans were changed to any appreciable extent, but because there was a reference to the intention of the Soviet Union and the satellite states to take measures to increase their defensive capacity in retaliation for West German rearmament and because the accusations directed at the Western Powers concerning their refusal to attend a conference are harsher. The note claims for example that it is plain that the three leading Western Powers "together with the other members of the North Atlantic bloc acted in such a way as to prevent a participation of other European states in such a conference". The note sent to the French Government refers to the "tricks which are being used in France . . . to lull the vigilance of the peoples".

2. So far as the possibility of negotiation on German unification after ratification is concerned, the Soviet note claims that ratification of the London and Paris agreements "will make the four-power talks on the unification of Germany void of substance and will exclude the possibility of achieving agreement on this question". Ratification of these agreements will also "create new obstacles to achieving an agreement on the reduction of armaments". The note warns the Western Powers that they take upon themselves "the whole responsibility for the consequences of their present policy which is incompatible with the interest of peace and which is leading to a considerable intensification of the danger of a new war in Europe".

3. The note of December 9 is, in form, a warning and not directly a proposal for any particular action, except that of stopping all attempts to integrate the German Federal Republic in a Western defence association. Attached to the note, however, was Declaration made in Moscow on December 2 by the Soviet Union and satellite states. This Declaration contained the proposal that there should be, first of all, rejection of plans for a re-militarization of Western Germany, then "achievement of agreement on holding of free all-German elections in 1955"; "it would then become possible at last to conclude the peace treaty with Germany". Mr. Molotov, in a speech delivered on November 29, on the first day of the conference, proposed "firstly to allow under no circumstances the resurgence of German militarism . . . and patiently to settle the German question on the basis of agreement" and "secondly to establish a collective security system in Europe".

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[47] Voir/See *New York Times*, December 10, 1954.

4. Both the Declaration and the speech by Mr. Molotov refer extensively to "militarists" in Germany. Mr. Molotov was more precise in estimating that "as soon as implementation of the Paris agreements begins, the German militarists will have at their disposal these millions of men". "These millions" are the three million men which Mr. Molotov said would come from the following sources:

(a) 500,000 men under the Paris agreements;

(b) 500,000 men from police forces and "service units and other militarized auxiliary organizations";

(c) 2,000,000 men from "militaristic organizations" of former Hitlerite soldiers.

5. The most interesting part, perhaps, of those sections of the Declaration dealing with Germany is that which describes the happy future to which Germans could look forward if they would abandon plans for aligning the country with the West. Germany could develop as "one of the great powers". There would be wide possibilities "for development of extensive economic relations between Germany and other countries and especially with countries of Eastern Europe and with countries of Asia with their immense population and inexhaustible resources".

6. The note of December 9 and the attached Declaration sound as though they may be the final pronouncement of the Soviet Government for the time being on the ratification of the London and Paris agreements. The Soviet Government has hardened the tone of its utterances on this subject about as far as it can without causing a flurry of alarm in Western Europe, which would be more likely to help than to hinder the final agreement on West European union. Apparently the Eastern bloc does not intend to take any specific steps towards strengthening its defences until it is clear that the German Federal Republic is going to be rearmed. Further notes from the Soviet Government would, in the face of the stubborn insistence of the Western Powers that the Soviet Union should make some really new offer on Germany and Austria, probably cause the Soviet Government to lose face. There will certainly be organized activity of all kinds in Eastern and Western Europe to impede ratification, but it is hard to see what new approach the Soviet Government could find for official pronouncements which would not appear to be a bit of an anticlimax.

7. It is true that Mr. Molotov, in his speech on November 29,[48] said that the necessity for safeguarding the defences of nations threatened by the Germans applied not just to the states represented at the conference, but also to "other peace-loving states which do not want to be servitors or abettors in preparing and unleashing a new war in Europe". It might be argued that this indicated a Soviet intention to try some new approach with non-Communist states not members of NATO which would demonstrate that other governments, apart from the Communist ones, felt themselves threatened. Finland is the obvious and perhaps the only country likely to be approached in this way. It seems likely, however, that the Finnish Government, which is adept at manoeuvring in situations like this, would be able to make it quite clear that the Soviet Government was applying pressure to make the Finns

[48] Voir/See *Soviet News*, December 1, 1954.

comply with their wishes. The result of this move might well be that the necessity of strong Western defences was again made apparent.

8. M. de Villelume came in to give me the preliminary reactions of the Quai d'Orsay which were roughly similar to our views. They thought the Soviet note was timed to have an effect just before the commencement of the debate on the Paris agreements in the French and German parliaments. They do not believe the Russians are prepared to follow up their threats by action.

9. With regard to Austria, M. de Villelume pointed out that the French démarche was made in Moscow on December 7, and that the Soviet note was probably amended at the last moment to include the paragraphs on Austria, which leaves the door just faintly ajar. They believe this is probably intended to be the Soviet answer to their démarche.

10. The preliminary view of the United Kingdom Government concerning the note of December 9 is that "the tone is intimidatory and more aggressive than that of recent Soviet notes, though without, perhaps, finally closing any doors". The three powers are now working out an agreed tripartite line for dealing with the note. There is a strong possibility that they will agree that no reply is required. In that case, there will not likely be any formal consultation with the NATO Council such as has taken place during the drafting of the last two Western notes to the Soviet Government. The subject will probably, however, come up at the meeting of the Ministerial Council this week.[49]

R.A.D. FORD

4e PARTIE/PART 4

LA COMMUNAUTÉ EUROPÉENNE DE DÉFENSE ET LE RÉARMEMENT DE L'ALLEMAGNE
EUROPEAN DEFENCE COMMUNITY AND GERMAN REARMAMENT

307. L.B.P./Vol. 46

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

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

TELEGRAM 741 London, June 26, 1954

SECRET & PERSONAL. IMMEDIATE.

Following for the Minister from Robertson, Begins: During these last weeks in which for the first time I have had something to do with disarmament problems, I hate to feel very strongly that even if east and west could conceivably agree on

[49] Note marginale :/Marginal note:
It did not. J.A. C[hapdelaine]

"principles of disarmament" on which our positions are so widely separated, we would still be confronted with an almost impossible task in attempting to negotiate agreement in a disarmament convention on the detailed powers, functions and methods of operation of "an adequate system of international control". Starting as we must from positions of mutual distrust, we would be compelled to insist on terms that one could not reasonably expect to be accepted by the other side. Politically the pressure to try and plug every hypothetical loophole would be very hard to resist. In the process we should probably find ourselves constructing for safety's sake a totalitarian system of control which in the first place would have little chance of acceptance, and in the second place, if by some political miracle it were accepted, would probably be found to be unendurably cumbrous, complicated and unnecessarily interfering.

2. At the same time from the very nature of the negotiation, any agreement ultimately reached would be impossible to amend because the establishment and the institution of the control system would be linked with what one would like to believe were irreversible decisions about the abolition of nuclear weapons, etc.

3. Against this background I wondered whether there might be something to be said for trying to tackle the problem of inventing a suitable and effective technique of international control from another starting point; i.e., one might begin within a group of countries who *prima facie* trust each other. The technical problems would still be difficult, but in such a context they could be examined objectively and with some hope of solution. Specific types and methods of control could be developed empirically, amended, improved, or abandoned in the light of practical experience of whether or not they were actually serving the purposes for which they were instituted. Such a proving ground might be provided by NATO. In principle at least the concept of international inspection of the forces, equipment training methods, etc., of allies has been introduced into NATO thinking. It is true that its purpose is to improve military efficiency, but it might be susceptible of a double-edged development inside the alliance. Our principal preoccupation in recent years has been to see that our allies and ourselves reach the military marks we have set for ourselves inside the alliance. We may be moving into a phase in which it will become important to make sure not only that those marks are met, but that they are not exceeded or bypassed (this, I suppose was one of the central problems which E.D.C. was meant to solve).

4. I had begun by thinking about the political and technical problems of establishing an adequate system for disarmament, and wondering whether we could attempt to work out within NATO a prototype control which later might become capable of a wider or a universal application. It now seems to me, with the failure of our disarmament talks and with the rapid deterioration of the position in respect of E.D.C., that there may be certain immediate relevance in this line of thinking. The problem of combining rearmament with effective international control is bound to arise inside NATO if the EDC arrangements fall to the ground, and the only alternative put forward is the admission of Germany to NATO. It may be that events have already overtaken us and it may be too late for what I would have regarded as the most desirable line of advance. Politically the best course might be for the countries of NATO, as at present constituted, to accept *inter se* and formally an additional

obligation to work out and apply as between themselves a NATO system of control of armaments — types, quantities, numbers, etc. — incorporating some at least of the E.D.C. controls on arms production enforced by an international NATO inspection team. Such a development might with luck be found to have within it the beginnings of a world-wide system of armament control.

5. In the meantime it might provide a non-discriminatory framework through which Germany could be received into NATO without setting up grave additional strains inside the alliance. Leaping further ahead one might wonder whether the Soviet Union would have so lightheartedly talked about joining NATO if such an obligation had been one of its component parts. Alternatively it might be a little awkward for them to withdraw their application for membership because membership involved acceptance of an international obligation to accept whatever was found to be the requirements of an adequate international system for the inspection and control of armaments. Ends.

308. DEA/50322-40

Note pour le secrétaire d'État aux Affaires extérieures

Memorandum for Secretary of State for External Affairs

TOP SECRET [Ottawa], July 16, 1954

NATO, THE EDC AND ARMAMENT CONTROL

Introduction

Mr. Robertson's telegram No. 741 of June 26, 1954, was evidently prompted (see his paragraph 4) by his concern over two problems:

(a) the failure of the London disarmament talks in which he had participated;[50] and

(b) the rapid deterioration of the EDC situation.

2. He makes the bold and imaginative suggestion that NATO might be developed in a way that would help solve both these problems sooner or later. He suggests that the members of NATO, as at present constituted, formally accept an additional obligation to work out and apply as between themselves a NATO armament control system, incorporating some at least of the EDC controls, enforced by international NATO inspection teams. In his opinion two useful consequences might ensue:

(a) "such a development might with luck be found to have within it the beginnings of a world-wide system of armament control," presumably because the West would have constructed a working model of an armament control system, the merits of which might eventually be recognised by the Soviet Union and other countries; and

(b) "it might provide a non-discriminatory framework through which Germany could be received into NATO without setting up grave additional strains inside the alliance."

[50] Voir/See United States, Department of State, *Bulletin*, Volume XXXI, No. 788, August 2, 1954, pp. 179-181.

3. It appears that Mr. Robertson was considering the disarmament problem when these thoughts occurred to him, and he therefore gave second place to their bearing on the EDC problem. To us in Ottawa the latter problem seems much the more urgent of the two. In this memorandum we shall therefore take the liberty of discussing Mr. Robertson's suggestion first and foremost as a promising solution of the EDC problem. The more distant prospect that one day it may also open a way out of the disarmament impasse will be mentioned only incidentally.

Nature of the EDC Problem

4. Recent emphasis on ratification of the EDC Treaty has rather distracted attention from the basic problem of Franco-German relations. This problem, to which the EDC may no longer be able to provide a solution, is fundamentally one of an increasing unbalance of power between the two countries. This consideration is examined in greater detail in a departmental memorandum of July 12 (copy of which is attached as Annex "A").

5. There are only two ways to correct the Franco-German unbalance of power. One is to keep Germany weak — which is patently impracticable — and the other is to reinforce France. The only framework within which France can be reinforced is provided by NATO. However, in order to bring Germany into NATO on self-respecting terms and at the same time ensure that German re-armament is carried out under proper safeguards, it would be necessary for all NATO countries to agree to give the Organization additional functions in the field of armament control. This brings us to Mr. Robertson's proposal.

Mr. Robertson's Proposed Solution

6. Although Mr. Robertson did not enter into such detail, a convenient outline of an armament control system, covering both conventional and nuclear weapons, is contained in a United States working paper offered to the Disarmament Commission sub-committee during its recent London meeting. This proposal (which had been discussed with and approved by the United Kingdom, French and Canadian delegations beforehand) called for the creation of a UN Disarmament and Atomic Development Authority. Under this Authority would be a Disarmament Division, responsible for the reduction and limitation of all armed forces and conventional armaments, and an Atomic Development Division, responsible for the international development and control of atomic energy. Details of the organization and functions of the proposed Authority and its Divisions are attached as Annex "B".†

7. We have made a preliminary study of the technical feasibility of developing such a control system within NATO. This study is attached as Annex "C". We have come to the conclusion that it would at least be feasible to set up in NATO a control machinery along the lines of the proposed UN Authority, provided the member countries were prepared to assign to this machinery the necessary powers of inspection. We have also suggested several ways in which NATO might establish the control machinery in progressive stages in order to introduce flexibility into the procedure. The functions given to NATO in this field need not, in the first instance, be all-embracing but, if a start could be made, it might be found that, with growing

confidence in each other, member countries would be prepared to delegate to the Organization an increasing measure of their sovereignty in the defence field.

8. Mr. Robertson suggested that the NATO armament control system could incorporate some of the EDC controls. Attached as Annex "D" is a summary of the more important controls provided by the EDC Treaty.† You will see that they go far beyond those envisaged under the proposed UN Authority. While the latter places its main emphasis on the disclosure and verification of information by means of a Corps of Inspectors, the controls envisaged in the EDC Treaty rely primarily on the assumption by supranational organs, notably the Commissariat and the Assembly, of national functions in the defence field. The proposed UN Authority would be given specific powers of inspection involving a certain voluntary limitation of sovereignty by the participating countries. The EDC machinery would go much further toward establishing supranational direction in the military, political, financial, economic and production fields.

9. Our study of the question leads us to believe that it would be impossible to establish in NATO the sort of supranational structure and controls envisaged in the EDC Treaty without completely re-writing the North Atlantic Treaty. Not only would the NATO Secretariat have to be given supranational functions along the lines of those vested in the EDC Commissariat, but there would also have to be instituted a NATO parliamentary assembly to bring the structure into line with that of the EDC. In effect, the EDC control system could only be applied to all the NATO countries if they were all prepared to adhere to the EDC Treaty.

10. Mr. Robertson's proposal, it should be noted, is not necessarily an alternative to the EDC. Ratification of the EDC Treaty and the Contractual Agreements still remains the best way forward for all the reasons we have so exhaustively examined in other memoranda. We should allow no thought of alternatives to distract our support from this familiar programme. Indeed, Mr. Robertson's suggestion might, if it commended itself to the United Kingdom and the United States, radically improve the prospect for EDC ratification in the next few critical weeks. The assurance that France's major allies were prepared to tighten and strengthen the NATO framework within which the EDC would be received might well win over some of those French leaders who have opposed the EDC because they considered that the United Kingdom and the United States were not closely enough associated with it. This consideration involves the delicate question of whether there is some risk that the NATO proposal might be used in France to justify still further delay in ratifying the EDC.

11. If the EDC fell to the ground Mr. Robertson's suggestion might assume even greater importance. Prompt action would then be needed to prevent the Western Alliance from falling into a sad confusion. Part of such action has just been planned in London, where means to restore German sovereignty in default of the Contractual Agreements have been worked out by Foreign Office and State Department officials. But means would also have to be found to re-arm West Germany safely in default of the EDC Treaty. This is where Mr. Robertson's proposal comes in, with its admittedly ambitious, but at the same time practical means of strengthening the Atlantic Community to enable it to accomplish successfully the integration within

it of West Germany. Mr. Robertson does seem to have found for us that elusive "best alternative" to the EDC for which we have been looking in recent months.

Views of Certain Interested Countries

12. We have attempted to estimate the probable reactions of the countries concerned to Mr. Robertson's suggestion seen as an alternative to the EDC. Our estimate is given as Annex "E". We consider that the suggestion would be favourably received in each of the six countries presently involved in the EDC. The Nordic and Balkan members of NATO would be somewhat dubious, particularly the former, but they would be influenced by the United Kingdom and the United States respectively. The attitude of the two Anglo-Saxon powers would therefore prove decisive. The United Kingdom would not go much further than the United States. The prospect of United States support, while gloomy, would not necessarily be hopeless.

13. As far as Canada is concerned, we believe that Mr. Robertson's suggestion accords well with the thought, which the Prime Minister and you have often expressed, that the further development of the Atlantic community might help to solve the stubborn problems of Franco-German distrust. It seems to us that it offers NATO the best means of encouraging France to ratify the EDC, or of keeping the upper hand over the situation which would develop immediately if the EDC should collapse. It would also provide a useful and much needed fillip to morale in the Western world at a time when its disunity is becoming increasingly dangerous.

Conclusions

14. The following are the main conclusions which emerge from the foregoing discussion:

(a) Mr. Robertson's suggestion merits serious and urgent consideration at the highest level;

(b) It is technically feasible;

(c) It would either assist or provide a good alternative to EDC ratification; and

(d) The attitude towards it of the United Kingdom and especially of the United States would prove decisive.

Action Recommended

15. If you agree with this appreciation we suggest that the following steps appear to be indicated:

(a) That you consult with the Prime Minister and your other Cabinet colleagues as to whether Canada could accept the additional NATO protocol that would be involved; then, if their reaction is favourable,

(b) That the matter be taken up in an exploratory way with Mr. Eden and Mr. Dulles with the suggestion that the idea may be useful either as an aid to EDC ratification or as an alternative if EDC fails of ratification.

16. Subsequent steps would depend on the reactions of Mr. Eden and Mr. Dulles and on the factor of timing. If it is decided to await final decision on the EDC before considering Mr. Robertson's suggestion, I would propose the following course:

(a) If the decision is unfavourable, then we should put the suggestion forward at a special Ministerial meeting of the North Atlantic Council which should be convened as soon as possible; but

(b) If the decision is favourable, as we may still hope, then we might still consider putting it forward in NATO at some appropriate time in the future, perhaps in a modified form.

[PIÈCE JOINTE 1/ENCLOSURE 1]

Annexe A

Annex A

NATO, THE EDC AND THE GERMAN PROBLEM

Although Mr. Norman Robertson's proposal for a NATO system of armament control (his telegram No. 741 of June 26) was put forward primarily in connection with the problem of disarmament, it is in the context of the German problem that it should be most seriously considered.

2. It is true that NATO as such has no direct responsibility for the German problem. For many reasons, however, NATO will be affected by the future status and orientation of Western Germany and must willy-nilly be concerned with it. For one thing, the defence of Western Germany forms an integral part of NATO strategic plans. An attack on allied troops there would bring Article 5 of the North Atlantic Treaty into operation. Moreover, NATO is publicly and irrevocably committed to the proposition that Western Europe cannot be successfully defended without defending Western Germany and that Western Germany cannot be defended without a German military contribution. For another thing, the Three Powers which hold a special position both in NATO, by virtue of their membership in the Standing Group, and also in Germany, as occupying powers, are committed to the progressive restoration of German sovereignty. For better or for worse Western Germany will be re-armed and will become a sovereign state once more. The most important question now is how these developments will affect the Atlantic Community. As Sulzberger said in an article from Paris in the *New York Times* of June 27:

> "It is no longer a question of how Western Germany shall be armed. It is a question of where German weight will be felt in the global scales — and of eventual repercussions in France. Ultimately it is a question of the very existence of the North Atlantic Treaty community — as now constituted."

3. At present these two parallel developments (German rearmament and the restoration of German sovereignty) are tied together within the supranational framework offered by the EDC Treaty. Unfortunately this framework, which was originally devised to make German re-armament palatable to the Germans and safe for the French, now seems to pose an insoluble dilemma. The French hesitate to sacrifice such a large measure of sovereignty and to bind themselves so closely to their erstwhile enemy. The Germans, increasingly restive under the occupation régime, threaten to go their own way if they are not soon restored to an equal place in the western community of nations. To bring about ratification of the EDC Treaty suffi-

ciently quickly to satisfy Germany risks alienating France and strengthening neutralism there. On the other hand, to delay ratification much longer may jeopardize Chancellor Adenauer's pro-western policy and strengthen support in Germany for a second Rapallo. The result would probably deal a fatal blow to NATO.

4. I believe that to find a safe way out of this dilemma we must find a solution to the basic problem of Franco-German relations; and I venture to suggest that the EDC cannot now provide this solution. The problem is fundamentally one of an increasing unbalance of power between the two countries. France is no longer a first-class military power. The long blood-letting in Indo-China, where so many of France's badly needed officers and NCO's have been lost, the economic difficulties and political instability at home and the steady sapping of morale by neutralism have reduced France to a position of relative impotence. She has been unable to meet her NATO commitments; she was one armoured division short of the force goals forecast for 1953 and SHAPE's estimate of the effectiveness of her army forces shows serious shortages in the units to be mobilized after M-day. Germany, on the other hand, has made a remarkable post-war recovery and is steadily gaining in economic strength, political influence and self-confidence. From an original position of reluctance, German public opinion seems to have developed considerable support for re-armament as an attribute of sovereignty. Indeed, there has been talk that the twelve divisions at present planned as the German contribution under the EDC are only a beginning and should later be raised to twenty-four.

5. There are signs that a realization of relative French weakness is an important element in French opposition to the EDC. For example, Marshal Juin, originally a supporter of the idea of a European army, recently made a *volte face* and denounced the EDC Treaty. Also Mr. Blankenhorn, Chancellor Adenauer's foreign affairs expert, is reported to have said that the French had asked the Germans to accept as the German contribution to the EDC four divisions instead of twelve (Despatch No. 512 of May 26, from Bonn).†

6. Recent emphasis on ratification of the EDC Treaty has probably distracted attention from this basic problem of the unbalance of power in Western Europe. Yet it is now becoming increasingly clear that, whether or not the EDC comes into force, this problem will remain unsolved and will block the Franco-German reconciliation on which the long-term peace and security of Western Europe depend. Even if the EDC is established, the chances are that it will founder on Franco-German rivalry.

7. There are only two ways to correct this unbalance. One is to keep Germany as weak as possible, to restrict German sovereignty and to prohibit or severely limit German rearmament. This is patently impractical. The other way is to reinforce France; and the only method that I can see for doing this is to bring the United Kingdom into whatever arrangement is made on the same terms as France and Germany. The United Kingdom would in turn insist on the United States also being a party to whatever European arrangement the United Kingdom itself entered. The obvious framework for such an arrangement is that provided by NATO. However, in order to bring Germany into NATO on self-respecting terms and at the same time ensure that German re-armament was carried out under proper safeguards, it

would be necessary for all NATO countries to agree to give the Organization additional functions in the field of armament control.

8. This is where Mr. Robertson's proposal comes in. It offers an admittedly ambitious, but nevertheless practical, means of strengthening the Atlantic Community sufficiently to enable it to accomplish successfully the integration within it of Western Germany. It is also a flexible means of doing this. It would avoid the stupendous problems involved in establishing a supranational body such as the EDC. At the same time it would furnish a machinery capable of fixing and controlling the level of forces of Germany (and of all the NATO countries) by common agreement. The armament control functions given to NATO need not in the first instance be too far-reaching (they might apply only to forces assigned to NATO, for example) but, if a start could be made in this direction, it might be found that with growing confidence in each other member countries would be prepared to delegate an increasing measure of their sovereignty in the defence field to the Organization. If such a step is not taken, I foresee increasingly serious stresses and stains within the alliance and an increasing danger that both the three Western Powers and the alliance as a whole will lose all influence over the course of events in Germany.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Annexe C

Annex C

TECHNICAL FEASIBILITY OF DEVELOPING AN ARMAMENT CONTROL SYSTEM WITHIN NATO

Existing NATO arrangements for international supervision of armed forces and their weapons do not go nearly as far as the functions proposed for the UN Disarmament and Atomic Development Authority described in Annex "B". The NATO arrangements, of course, were not developed with either control or atomic development in mind. They arose from the agreement by member countries of NATO to raise specified numbers of armed forces and assign them to NATO's integrated commands, and to contribute to a common fund for the construction of fixed installations required for the support of those forces. Essential to the success of this common effort have been the mutual aid contributions of arms and equipment which Canada and the United States have made to the European members.

2. One form of supervision which already exists in NATO is the Annual Review. In order to arrive at the agreed force goals and to provide a basis for determining the mutual aid needs of the European members, NATO carries out each year a review of the defence programmes of all the member countries, which involves the collection of detailed information concerning their forces, their defence production programmes and their defence expenditures, both present and planned. To assist the member governments in compiling this information, officials of the NATO Secretariat and officers from the NATO Supreme Headquarters visit national capitals and discuss outstanding problems with the government departments concerned. When the information has been compiled it is subject to a thorough examination, first by

the NATO Secretariat and later by other member countries, and the country being examined may be asked to clarify or amplify doubtful points.

3. Another form of supervision exists in the work carried out by the special agencies of the Standing Group in the field of standardization and by the Production and Logistics Division of the NATO Secretariat in the field of correlated production programmes in Europe. This division of the Secretariat contains experts on each of the major items of military equipment and ammunition, who make it their business to obtain as complete a picture as possible of defence production in Western Europe and to assist in the solution of production and equipment problems.

4. In addition, the defence programmes of the European countries are subjected to continuing surveillance by the Military Assistance Advisory Groups (MAAG's) which the United States maintains in national capitals to advise on the allocation of United States mutual aid. It is a function of these Groups, and of the United States Mutual Security Administration to which they report, to assess what level of forces each NATO country is able to support and to judge what amount of United States assistance could be efficiently used and would be desirable, in the interest of the alliance as a whole, to supplement the country's own effort. This United States machinery has in fact acted on occasion (particularly during the last year) as a form of armament control system. In certain cases (Greece and Turkey, for example) NATO countries have pressed for higher force goals than the United States considered they could afford to maintain over the long term on the basis of the mutual aid they were likely to get. In these cases the United States used its influence to restrict the level of forces recommended by the NATO military authorities as desirable for these countries and to keep their force goals to a given maximum.

5. It is obvious from the foregoing that Mr. Robertson is suggesting an entirely new development for NATO. The basis of the close co-operation and exchange of vital information which now take place between NATO countries is the common objective of strengthening their collective defence. The emphasis is on the voluntary furnishing of information. On the other hand, there is probably no inherent reason why this machinery of co-operation could not be developed into a system of armament control *if the member governments so desired.* It would mean shifting the emphasis from the present voluntary system, in which discretion is left to member governments in the last analysis, to a system of enforcement, in which member governments would surrender a large part of this discretion to NATO. In order to use NATO for this purpose, member governments would have to assume an obligation additional to those at present in the North Atlantic Treaty, to allow supervision by a NATO inspection body of all aspects of their defence programmes.

6. If such an obligation were accepted, there is no reason why the armament control system proposed by the United States could not be adapted to NATO. The North Atlantic Council, composed as it is of sovereign states, could act for this purpose in the same way as would the proposed UN Authority. The Secretary-General and the Secretariat of NATO could fulfill the functions prescribed for the Director-General and the Secretariat of the Authority's Disarmament Division. NATO has nothing resembling the Corps of Inspectors which the United States

proposal envisages. However, provision could be made for the appointment of such a corps by the Secretary-General on the nomination of member countries.

7. The Atomic Development Division of the proposed UN Authority might pose a more difficult problem of adaptation. In the United States proposal this Division would be under the supervision and control of the Board of Governors appointed by the permanent members of the Authority, whereas the Disarmament Division would be under the supervision and control of the Director-General, responsible direct to the Authority. There is a certain analogy in the NATO structure. Whereas the NATO Secretariat, headed by the Secretary-General, is directly responsible to the North Atlantic Council in Paris, the military agencies of NATO are responsible to the Standing Group in Washington, on which only the Three Powers are represented and which acts as executive agent of the fourteen member countries. The Standing Group, like the Board of Governors of the proposed Atomic Development Division, occupies a semi-autonomous position and is allowed considerable discretion in handling matters of the highest security nature. For a NATO armament control system additional authority might be given to the Standing Group (perhaps with the addition of Canada to its membership for this purpose) to enable it to act as a board of governors in matters of atomic development. It could set up a special agency under it to carry out the functions of the UN Authority's Atomic Development Division.

8. The specific functions and rights of the Council, the Secretary-General and the Standing Group in respect to disclosure and verification of armed forces and conventional and atomic weapons, and the obligations of member countries in this field, could be laid down in an additional Protocol to the North Atlantic Treaty, which would presumably require ratification by all member countries. The same purpose might even be served by a less formal procedure, such as a resolution of the North Atlantic Council, but whatever form it took, it would have to embody obligations sufficiently binding to give the control machinery real powers and deter violations.

9. It would probably be neither possible or desirable to attempt implementation of such an inspection and control system in NATO all at once. It should rather be established in progressive stages (similar to those proposed by the United States in the UN Disarmament Commission) starting with armed forces and the least sensitive forms of conventional weapons and moving gradually into atomic weapons. It might also be suggested, if this became necessary in order to win United States (and possibly also United Kingdom) support, that there be at the same time a progression of geographic stages, starting perhaps with control over the signatories of the EDC Treaty, extending later to the other members of NATO and after that to the United Kingdom, the United States and ourselves. There are several ways in which such progressive implementation could be reflected in the Protocol (or other instrument) establishing the control system. The Protocol might be comprehensive, binding member countries to the establishment of the whole system, but might leave the definition and timing of the various stages to the Council; or it might bind member countries only to the first stage of control and leave it to the Council to obtain agreement to subsequent stages.

10. It is difficult to predict what effect the assumption by NATO of such armament control functions might have on the Organization's ability to perform its primary function of collective security. In the days of the rapid build-up of forces such control functions might have been incongruous. More recently, however, this rapid build-up has been succeeded by the "long haul" and the emphasis now is on the level of forces and armaments that member countries can maintain over an extended period. Under these conditions the political or psychological effect on NATO of placing a ceiling (as well as a floor) on member countries' defence programmes is unlikely to be adverse. Indeed, as has been pointed out above, the United States mutual aid machinery has already operated in practice to impose such a ceiling. In any case, it would be essential to make clear that the establishment of a NATO control system did not imply unilateral Western disarmament.

[PIÈCE JOINTE 3/ENCLOSURE 3]

Annexe E

Annex E

VIEWS OF CERTAIN INTERESTED COUNTRIES ON MR. ROBERTSON'S SUGGESTION, SEEN AS AN ALTERNATIVE TO EDC RATIFICATION

France

Mr. Robertson's suggestion would seem to have obvious merit from the French point of view. The hesitation about the EDC felt by several influential members of Mr. Mendes-France's government (although, if Mr. Spaak is to be believed, no longer by Mr. Mendes-France himself) indicate that all the concessions so far made — the protocols, the Saar, the United States and United Kingdom declarations — are still insufficient. The French opponents to the EDC, while naturally satisfied with its provisions insofar as they would limit German rearmament, seem to remain dubious about two other points: they are reluctant to see the French army, from whose glorious traditions they draw much comfort, dissolved into a European army, in which the French contingents might be commanded by German generals; and they are unconvinced that United States and United Kingdom relations with the EDC would be close enough to counterbalance the ascendancy which Germany would certainly gain within it before very long. The admission of Germany to a NATO developed as Mr. Robertson suggests would seem to offer satisfaction on all these points: it would ensure an adequate control of German rearmament, preserve the integrity of the French army, and provide for United States and United Kingdom participation on an equal basis.

Germany

2. If the EDC, upon which the Federal Republic has staked so much, were to fail, Mr. Robertson's suggestion would certainly arouse interest in Bonn. It would not be the first step demanded by the new circumstances: the restoration of German sovereignty would have to come first. But no matter how that was effected, the Federal Republic would have to undertake not to rearm except under conditions agreeable to the other members of the Western alliance. These conditions would be

met if the Federal Republic were admitted as a sovereign and equal member of NATO, which would itself have developed an armament control system.

3. Such an arrangement would probably not affect the question of German reunification very much one way or another. For reasons mentioned below Soviet hostility to NATO, even in the altered form proposed by Mr. Robertson, would likely continue for some time to come. So, therefore, would the partition of Germany. However we do not believe that this prospect would diminish German interest in NATO, any more than it has weakened their backing for the EDC up till now, and for the same reason: the Germans would stand to gain so much in other ways.

Italy

4. The Italian delay in ratifying the EDC appears to be caused, not so much by any feeling that it is defective, as by the desire to strike a better bargain over Trieste. Unlike France, Italy is not seeking an alternative to the EDC. This does not mean, however, that it would not be interested in such a reasonable suggestion as Mr. Robertson's in case France rejected the EDC. Indeed, should Italy not receive satisfaction on Trieste, it might itself reject the EDC, but still be willing to go along with the development of NATO into a closer form of partnership.

Benelux

5. The Benelux countries, like the Federal Republic, have all ratified the EDC. Should the decision go against the EDC, however, they have already informed Mr. Mendes-France that in their view the only possible alternative would be the admission of the Federal Republic as a sovereign and equal member of NATO. Although the idea of developing armament controls within NATO does not seem to have occurred to them as yet, there is no reason to doubt that they would be favourably impressed by it, to the extent that they share France's fears of uncontrolled German rearmament.

Nordic and Balkan Members of NATO

6. Norway, Denmark and Iceland at the northwestern end of the NATO crescent, and Greece and Turkey at the southeastern end have always regarded the EDC sympathetically. However, partly because of their geographical situation, they have never seriously considered membership. They are therefore the first of the countries so far reviewed for whom Mr. Robertson's suggestion would entail the surrender not of less, but of more national sovereignty. It is probable that the Nordic countries at least would hesitate before making such a sacrifice. Their reserved attitude towards NATO bases is hardly encouraging. However, they might find armament controls easier to accept than foreign troops and installations. Also, they have all expressed themselves as favourable to a controlled German contribution to Western defence, and they are all themselves accustomed to a certain degree of such control, as practised by the United States MAAG's mentioned in paragraph 4 of Annex "C". Probably, in the end, the attitude of the United Kingdom would prove decisive for the Nordic members of NATO, and the United States attitude for the Balkan members.

United Kingdom

7. British and, as we shall see, American reactions to Mr. Robertson's suggestion are likely to be even more reserved, at least initially. Although the United Kingdom has always supported the EDC for the six countries concerned, and has gone a long way towards a close association with them, it has steadfastly opposed any notion that it might itself become a member. It has also been reluctant to see the political development of NATO extended beyond the present modest limits, e.g., its wariness regarding political consultation within NATO's Permanent Council. These are the understandable reactions of a great power. The United Kingdom fears to lose its comparative freedom of action in Europe, and its privileged *entrée* in Washington, by any closer association with the continental countries than appears essential. Nevertheless it would certainly not wish to remain aloof from any European development in which the United States had decided to participate. In the end, therefore, everything would seem to depend upon the United States attitude.

United States

8. Here the greatest difficulty is likely to arise. Since 1945 "security" has become a national preoccupation with the United States, as evidenced by the McMahon Act, the McCarran Act, the investigations conducted by various Senate and House committees, and so on. Americans attach great importance to the physical manifestations of security, including security clearances of individuals, use of security guards, and rigid control of security information on a "need-to-know" basis.

9. For these reasons it would appear most unlikely that the United States would be prepared to release information, even to its NATO partners, on the size and distribution of forces other than those specifically committed to NATO commands, or on most aspects of its atomic weapons development and production program. The United States does exchange information with the United Kingdom and Canada on the development of conventional weapons, but has on many occasions made it clear that it is not prepared to make similar cooperative arrangements with other NATO countries. Under such circumstances it is difficult to see how any "inspection" or "disclosure" scheme could be made to work in a NATO context.

10. It is true that at the London disarmament talks the United States offered to participate in a world-wide disarmament system. It would not be at all inconsistent, however, if it were to refuse to take part in any system that was not world-wide. The United States could argue that its security would be imperilled if it were to disclose any of its defensive arrangements, even to its allies, as long as any enemies remained to whom these arrangements might subsequently be betrayed. The only conditions on which it might consider accepting disclosure and inspection arrangements within a limited group of allied countries would seem to be that all these countries should submit to security controls operated from Washington. Considering the present disrepute of these controls everywhere abroad, it is hardly likely that the Western allies would submit to them at any price.

11. The situation is not without certain promising aspects, however. For one thing the United States Administration has recently asked Congress for authority to pass to NATO certain atomic information hitherto denied under the McMahon Act. Secondly, if the proposed NATO armament controls were derived, not from the EDC

but from a United States working paper as we are suggesting the State Department could hardly refuse to give the idea a thorough examination. And thirdly, the Americans are known to be considering the possibility that the Western allies explore the peaceful uses of atomic energy unilaterally, in default of the Soviet collaboration which has been invited and refused. This notion of theirs — which, incidentally, does not seem to have met with much approval in Whitehall — might provide a peg on which to hang the suggestion that we tackle the disarmament problem unilaterally.

Soviet Union

12. There remains the Soviet reaction to consider. Mr. Robertson visualizes the possibility that the Soviet Union might eventually be impressed by the honest intention and efficacious operation of the NATO armament control system. It might then be less reluctant to participate in such a system itself, either under NATO, or more probably UN auspices. At last a world-wide system or armament control would begin to look more feasible. But such a happy development, obviously, is reserved for the more or less distant future. One way of determining just how distant might be to decide why the Soviet Union opposes German rearmament. If it is motivated by a deeply-felt fear of Germany, it is likely to take an even darker view of Germany rearming under NATO auspices than within the EDC, because in NATO Germany would seem to be under more direct control from the Pentagon. But if its attitude is prompted more by the tactical opportunities the issue presents for splitting the Western alliance, then once Germany had been admitted to NATO, particularly under the conditions envisaged by Mr. Robertson, it might well decide to accept the situation with equanimity. In the first case Soviet hostility to NATO might never be abandoned; in the second, a tacit agreement to live and let live might be reached in the foreseeable future. Out of such an agreement world disarmament might — or might not — eventually develop. All that can be said at this stage is that there appears to be no reason to suppose that the Soviet Union would make Germany's admission to NATO in the near future a *casus belli*. Consequently the Western allies might as well disregard the present Soviet attitude in making their arrangements, even while allowing themselves the slight hope that it might one day change for the better.

309. DEA/50322-40

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

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

TELEGRAM 1031 Ottawa, July 20, 1954

SECRET

Reference: Your telegram No. 741 of June 26, 1954.

NATO, THE EDC AND ARMAMENT CONTROL

Following for Robertson from Acting Under-Secretary, Begins: We regret that an acknowledgement of your important telegram No. 741 has been delayed until now. The Minister is intrigued with your suggestion in relation to the Atlantic alliance. He mentioned the idea casually and in very general terms to Mr. Eden during the latter's visit here but we did not report this since neither Eden nor Caccia made any response. As you will have gathered from my telegram No. 339 of July 14 to Paris,† repeated as No. 1006 to you, he also mentioned it in very general terms to the French Ambassador last week.

2. Meanwhile the Department has made a detailed study of your suggestion. We infer that you were principally concerned, in putting it forward, with the disarmament problem. While recognising its long-term possibilities in this connection, we have concentrated more on its relevance to the EDC problem. Also, we have modified your suggestion somewhat on technical grounds. We feel that it would be impracticable to adapt EDC controls to NATO, but that it would be feasible to adapt the controls envisaged by the United States working paper presented during the London disarmament talks. With these variants we continue to believe that your suggestion merits serious and urgent consideration as one possible means of assisting EDC ratification or, if needs be, of providing a possible alternative thereto.

3. We have prepared a memorandum for the Minister to this effect. Copies are going out immediately to you, and to our missions to Paris, NATO, Bonn, Rome, The Hague, Brussels and Washington and the U.N. We shall acquaint you with the Minister's comments as soon as we receive them. Naturally, we look forward to receiving your comments as well. Ends.

310. DEA/50322-40

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

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

TELEGRAM 904 London, July 28, 1954

SECRET

Reference: Your telegram No. 1031 of July 20.

NATO, E.D.C. AND ARMAMENT CONTROL

It has occurred to me that it might be useful to exchange ideas with the Foreign Office at this stage. Would you see an objection to our suggesting that we give them a copy of Annex "C" to the memorandum for the Minister of July 16th, in return for the commentary which they prepared for Mr. Eden (my telegram No. 838 of July 17).†

2. One of the things I had in mind when putting forward the tentative ideas in my telegram No. 741 of June 26th was that there already exists a precedent of sorts for

an inspection procedure within NATO, to the extent that, as I understand it, SACEUR is responsible in peacetime for organization and training, and is therefore empowered to exercise direct control over the higher training of national forces assigned to his command and to *inspect* the training of all such forces. This is not mentioned in the analysis of the present situation within NATO contained in Annex "C", and I thought it might be worth drawing to your attention.

311. DEA/50322-40

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

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

TELEGRAM 1116 Ottawa, August 3, 1954

SECRET

Reference: Your telegram No. 904 of July 28, 1954.

NATO, EDC AND RE-ARMAMENT CONTROL

I agree with your proposal to exchange ideas with the Foreign Office at the official level at this stage. There are, I feel, positive advantages to be gained from having a clear conception of United Kingdom thinking on German re-armament generally and some reaction to our tentative views relating to re-armament control within NATO before considering how we might approach other interested governments.

2. There would be no objection to your giving the Foreign Office a copy of Annex C of the Memorandum to the Minister of July 16 in return for the commentary prepared for Mr. Eden. In doing so you may wish to mention the point raised in paragraph 2 of your telegram which, I think, might be expressed in a more general way. You might say that some measure of direct control already exists in the sense that the integration of national forces under unified NATO command in Europe already involves a measure of supervision over the numbers, equipment and state training of the national forces involved. You [may] also wish in handing Annex C over — as a [document] prepared to the official level — speak to it [in terms] of Annex A to give its broad political background.[51]

[51] Le coin inférieur droit du seul exemplaire que nous ayons trouvé de ce document était endommagé. The bottom right-hand corner of the only copy of this document found was torn.

312. DEA/50322-40

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

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

LETTER NO. 1459 London, August 6, 1954

SECRET

Reference: Your telegram No. 1116 of August 3rd.

NATO, E.D.C. AND GERMAN REARMAMENT

In accordance with your instructions we have given a copy of Annex "C" of the memorandum to the Minister of July 16th to Laskey in the Western Organizations Department of the Foreign Office, filling in the background in terms of the broad political arguments contained in Annex "A". Laskey agreed that the fundamental problem is the increasing unbalance of power between France and Germany, but said he doubted whether there was really any solution to it other than the efforts of the French themselves. This unbalance has been used, for example, as an argument for United Kingdom membership of the E.D.C., but in his opinion such an approach to the problem was misguided in that if adopted it would tend to encourage the French to rely on outside assistance and to assume that on all occasions the British would back them in any difficulties or disagreements with their German partners.

2. Laskey promised to look into the possibility of letting us have whatever had been prepared in the way of commentary on Mr. Robertson's suggestions for a control system within NATO, and in any case to discuss the analysis in Annex "C" as soon as he has had time to study it.

3. In this general connection, we were very much interested in seeing the report on thinking in the State Department on German rearmament contained in Washington's telegram No. WA-1347 of July 31st.† It would appear that, starting from more or less similar premises and with the same goals in mind, the State Department and the Foreign Office have come to opposite conclusions as to the way in which the necessary safeguards could be made most palatable to the Germans.

4. So far as we have been able to find out from recent conversations with officials in the Foreign Office handling German and NATO affairs, thinking here has not progressed much, if any, beyond the suggestions regarding the transfer to NATO of essential safeguards from the E.D.C. Treaty which were outlined in the working paper submitted a month ago during the Anglo-American discussions on Germany. The Foreign Office are apparently awaiting United States reactions, which have so far not been received. It is still the assumption that the Federal German Government would find it difficult, it not impossible, to accept any restrictions on rearmament which were applicable to Germany alone. Hence the conclusion that the ideal solution would be to deal with the problem through the incorporation in NATO of

provisions from the E.D.C. Treaty in such a manner as to make them, in form at least, applicable to some or all of the other NATO members.

5. With reference to the current odds on the chances of E.D.C. in view of the increasing prestige of M. Mendes-France, the Foreign Office, like the State Department, are much encouraged by the Premier's approach. They pointed out, however, that the latest time-table does not leave much margin for possible delays. Even if the Treaty is passed by the Assembly, it will in all probability be turned back by the Council of the Republic. In this event, it is extremely doubtful that there would be time for the Assembly to vote on the E.D.C. again before the recess, which would leave the whole question still in abeyance until the Assembly reconvenes in the Fall.

6. With reference to parliamentary procedure here in connection with the implementation of the Contractual Agreements, the Government is, as you know, committed to affording an opportunity for debate before ratification of any agreements that are made. It is not felt, however, that this implies any serious delay, since agreement on the next step could hardly be reached much before the end of September, and Parliament reconvenes shortly thereafter.

R.E. COLLINS

313. DEA/50322-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au sous-secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Under-Secretary of State for External Affairs

LETTER NO. 2484 Paris, August 19, 1954

TOP SECRET

Reference: Your Letter No. S-482 of July 20.†

NATO, THE E.D.C. AND ARMAMENT CONTROL

I. *Introduction*

We share your view that Mr. Robertson's proposal is of more immediate interest in its bearing on the German re-armament problem than in relation to a world disarmament programme. In any case it is the former problem which is of more direct concern to this Mission, and accordingly we shall confine our comments to this aspect of the proposal. We shall, moreover, assume that it is now too late to put the proposal forward prior to the E.D.C. debate to take place during the last week of the month in the French Assembly.

II. *Our First Reaction*

2. Leaving aside for the moment the broad context in which the matter has been set out in the Memorandum for the Minister, all of us in this Mission were immediately struck by the considerable difficulty which the proposal, if implemented,

would create for NATO. While it is true that NATO has a number of aspects, there is no doubt that throughout its existence its chief raison d'être has been the Western re-armament programme. The most significant of NATO's regular activities is the Annual Review, a process designed to use all possible means to improve both the quantity and the quality of the West's defence forces. It was for this reason that the Permanent Council was set up. For the last two years or so, this programme has been a difficult one, as the initial shock of Korea has worn off and Governments have become increasingly aware of the pressures opposing a continuing and expensive armaments programme. NATO has had to strain every effort to maintain the impetus which still survives. If to this single-minded purpose and structure there is grafted a concept and a procedure for limiting armaments, we think there will inevitably be a conflict between the two. The loss of direction and of purpose which would result would seriously threaten the defensive structure which has been erected with so much effort and cost.

III. *Franco-German Relations*

3. Returning now to consider the proposal in a broader perspective, we recognize that the point of departure for a study of this, as of so many other problems, is the vexed question of Franco-German relations. We find ourselves only partially in agreement with the outline analysis of this problem appearing in the Memorandum to the Minister and elaborated in Annex A to that Memorandum. We agree that the problem arises essentially from the imbalance, which is steadily increasing, between the two major countries of Western Europe. Fundamentally this imbalance is a question of resources, human and material, and of the use of these resources which social and political conditions in the two countries make possible. France, once a world power, is one no longer; while she still has considerable resources, she appears unable to exploit them. Germany, on the other hand, is strong and is rapidly growing stronger. Up to this point we are in entire accord with the views outlined in the Memorandum.

4. The memorandum then suggests that "there are only two ways to correct the Franco-German imbalance of power". Frankly, we consider that this imbalance is inherent in the situation, is a fact of life with which the French will have to learn to live in much the same way as the United Kingdom is gradually becoming adjusted to a similar relationship toward the United States. We agree that it is patently impracticable to keep Germany weak; but no amount of outside reinforcement can make France strong if she cannot find the sinews of strength within herself.

5. The Memorandum then speaks of reinforcing France within the framework of NATO. In effect this means, and we believe that this is the real line of argument of the Memorandum even though it does not emerge specifically, that there should be set in the balance against Germany not only France, but additional weights coming primarily from the United States and the United Kingdom. This general concept is of course not new, and underlies the "guarantees" and "associations" which have been worked out to link the two latter powers to the proposed E.D.C. The concept is certainly a valid one, but up to the present it has appeared that the U.S. and the U.K. have gone as far in this direction as they are prepared to go. Their commitments have not been sufficient to overcome French hesitations concerning the

future course of Germany, and accordingly there persists the likelihood that even if E.D.C. is ratified, it may be wrecked by German assertiveness or French suspicion and sensitivity.

6. As we interpret the argument set out in the Memorandum, it is suggested that Mr. Robertson's proposal makes a direct attack on this problem. It is true that it does involve a new commitment which the U.S. and the U.K. might perhaps be prepared to undertake in conjunction with France and Germany. It would not, in itself, make France stronger or keep Germany weak, but to the extent that it bolstered French confidence or restrained German "pushing", it would undoubtedly help to make German re-armament palatable. We believe that it would not in any fundamental sense solve the problem of Franco-German relations, but it might make the problem more tractable.

IV. *The E.D.C.*

7. It may be useful at this point to review in broad outline the history of the E.D.C. On very short notice and under strong U.S. pressure, NATO accepted in the autumn of 1950 the thesis that a military defence of Western Europe was possible only with German assistance. In consequence, the principle of German re-armament in some form was accepted, and is still held, as a NATO objective. To meet this objective, the simple and obvious course would, of course, have been to admit Germany to NATO and authorize the creation of a German military establishment. Such a course was regarded by the French Government of the day as politically unacceptable to France. Accepting the obligation which this rejection imposed upon it to produce an alternative plan, the French Government (again acting hastily) devised the E.D.C. The essence of the plan was to incorporate German resources, both human and material, in the Western rearmament programme in such a way that control would be exercised, not by the German Government but by a supra-national authority through which neighbouring countries could ensure the protection of their own vital interests. It was, of course, the hope of the French Government in putting forward the plan that the United Kingdom would become a full member. In that case, Germany, France, the United Kingdom, and such other continental countries as could be induced to join, would in effect be shut up together in a tight little box where no country could take any significant initiative with regard to military preparations without the consent of the others. On the assumption that France and the U.K. would act together to control Germany, in case of difficulty, the box was seen as a container for Germany.

8. When it became clear that the United Kingdom was unwilling to participate in this plan, France might have been well advised to seek a new and different solution to the problem of rearming Germany safely. The dangers ahead, however, do not appear to have been clearly recognized; perhaps it was assumed that France with the support (on which she could probably count to a fair extent) of the other four prospective members, would herself have been able to control German ambitions. If that was the position two years ago, it clearly no longer survives. In the face of German economic and political strength, France obviously has no confidence that Germany can be effectively controlled within the bounds of E.D.C. The increasing imbalance which has been discussed above, and the loss of confidence resulting

from two more years of French impotence, have altered the picture considerably. The box which was to be a container for Germany has now become a trap through which France and the rest of Western Europe would fall under German domination.

9. We believe that this analysis provides a clue to the proposals which Mendes-France has now put forward for the modification of the E.D.C. Treaty.[52] The two positive aspects of these proposals are to destroy the supranational control which the E.D.C. was intended to embody, and to make withdrawal from the community a very much easier process, in other words, to let France out of the trap. The negative aspect of the new proposals (leaving aside the particular discriminations against Germany, which are of local significance only) is to remove the former controls previously laid upon Germany and thus, in effect, to permit Germany to re-arm independently. As much of the support outside of France for the E.D.C. plan has been based on its provisions for a considerable measure of integration of Western Europe, and as that particular aspect is almost entirely removed by the new French proposals, it is natural that they should find little support among the signatories other than France. Nevertheless, this fact should not blind us to the strategic advantage of the looser scheme. There is little doubt that the recruitment and training of German forces under a German Ministry of Defence and General Staff would make a faster and more effective contribution to the military capacity of the Western World. While such a development may justly give rise to misgivings, it has nevertheless been a declared aim of all NATO Governments for some years.

V. *Germany and NATO*

10. Consideration of the new French proposals leads to a further thought. If France is in fact prepared to accept German rearmament in the form provided by the new (or Mendes-France) version of E.D.C., then there is little practical reason why she should not go further and accept German membership in NATO. On first analysis, it appears to us that the Mendes-France proposals give Germany membership in NATO in everything but name.

11. While the press does not appear as yet to have recognized this fact, we suspect that it soon will. Of course, it is already apparent that there is almost as much opposition within France to the Mendes-France version of E.D.C. as to the original version. This opposition is clearly based upon that large fraction of French opinion which has never accepted the desirability of rearming Germany in any form. No method of re-armament of Germany will satisfy this element in French opinion. Nevertheless, it is unlikely that this element constitutes either in the country or in the Assembly a genuine majority. The reason it has been so difficult to get a majority in favour of E.D.C. is that the potential majority which accepts the principle of German re-armament has nevertheless been bitterly divided upon the means. If, as appears probable, this potential majority has now come to feel that the E.D.C. represents not a safeguard but a trap, then it is logical to believe that during the next weeks or months, they may be prepared to accept the principle of national German re-armament along the lines sketched out by the Mendes-France proposals. Yet to preserve the name and not the substance of the original E.D.C. plan, will obviously

[52] Voir/See *New York Times*, August 23, 1954.

involve major difficulties for all the other signatories. The reactions to Mendes-France's proposals in other E.D.C. capitals are already making this point clear.

12. The upshot of this admittedly speculative line of thought is that it may be possible upon suitable conditions to obtain French approval for the admission of Germany to NATO. It now seems unlikely that France will ever accept E.D.C. in its supra-national form. It may be that France would accept E.D.C. as emasculated by Mendes-France, but this solution is unlikely to be acceptable to the other signatories. It may prove that the only possible ground for agreement is an admission of Germany to NATO under special conditions.

13. If Germany is to be re-armed with the consent of the Western powers there are only four possible methods, and of these that involving free re-armament without controls and without commitments to the West is obviously totally unacceptable to all concerned. The three remaining methods are:

(a) Under supra-national (European) control, and tied to NATO — the old version of E.D.C.

(b) Within the NATO frame but with effective control exercised by the German Government.

(c) Through a special, non-NATO alliance, presumably with the U.S. and perhaps the U.K.; this would necessarily involve association with NATO.

14. For the reasons discussed above, we do not believe that France will accept alternative (a). Alternative (c) is presumably even less attractive to France, as it would clearly mean that in a very short time France would become merely another NATO power and the West's "Big Three" would be the U.S., the U.K. and Germany. There remains alternative (b), which covers both the new or Mendes-France form of E.D.C. and also the alternative of German admission to NATO. As we have indicated, we do not think a "de-supra-nationalized" E.D.C. would be acceptable to the signatories other than France. German admission to NATO, on the other hand, has nothing directly to do, pro or con, with European integration, and while the others would not welcome it, there is no particular reason why they should refuse. But for them, as even more for France, it would have to be accompanied by special conditions.

VI. *The Problem of German Admission to NATO*

15. It might be argued that in her new-found strength Germany would insist upon unconditional admission to NATO or none at all. Nevertheless it appears to us that a reasonable case could be made out for the imposition of special conditions that would not necessarily appear discriminatory. Leaving aside the fact that Germany is an occupied country, an argument which Germany would not accept as relevant, there is the non-controversial fact to distinguish Germany from present NATO members that at the present time Germany has no Defence Ministry and no General Staff. While we have not studied the question fully enough to propose an exact formula, it appears to us that upon this fact one could hang a provision that the levels for Germany's various military programmes should be determined by the North Atlantic Council as a part of the Annual Review process. Indeed NATO has

already had to deal with the problem of two governments (Greece and Turkey) which have wished to carry military programmes beyond their economic capacity.

16. There could then be laid down a set of principles to cover the determination of these levels ('in the light of economic and political considerations') which on the one hand would provide for effective limitation and on the other hand might be presented as the necessary means of overcoming the technical problem created by Germany's present lack of a Defence Ministry and a General Staff.

VII. *Armament Control*

17. The thoughts outlined above have led us some distance away from Mr. Robertson's proposal for a NATO armaments control programme. This is because we have wished to outline the considerations which bear on our judgment of it. We mentioned earlier our belief that the introduction into NATO of a general concept of armament limitation, which would be in conflict with NATO's present guiding theme, would cause great difficulty in maintaining the allied defence programme. In general we support the interpretation (in Annex E of the Memorandum to the Minister) of the probable reactions of various interested countries. In particular, we believe that there is little if any prospect that the United States would participate to the extent which would be necessary for the programme to be regarded by Germany as more than a trick. The success of the proposal would certainly rest upon genuine United States participation and such participation we regard as most unlikely. It is well known that the United States Government and particularly the Department of Defence has little confidence in the reliability of the security systems of a number of its NATO allies. As long as the risk of war with a well-armed Soviet Empire exists, it is difficult to imagine that the United States would give such vital information to Governments which are believed to have many Communists highly placed throughout their civil and military services.

VIII. *Conclusions*

18. Our analysis, in line with the declared NATO objective, has focussed upon the particular question of German re-armament. While this is not the only possible starting point, we believe that it is the most realistic one when the U.S. position is given the weight it deserves. Recognizing this "militaristic" bias as an element in our thinking, we might sum up our views in the following manner.

19. We believe the chance of genuine United States participation is so slight, and the prospect that even this would persuade France to accept E.D.C. in supranational form so remote, that we do not see Mr. Robertson's plan as a promising complement to the old version of E.D.C. We consider the new or "pseudo-NATO" version of E.D.C. to be unacceptable to the proponents of European integration, as it represents for them the shattering of deeply held ideals. If France is to accept German rearmament and still continue an effective member of NATO, we believe that it can only come about through the establishment of a control over Germany in which the United States and the United Kingdom would participate along with France. This could be achieved through the admission of Germany to NATO under certain conditions. The conditions would have to include provision for control over the level of German armaments. While there are difficulties in either course, we

believe on balance that such control is more likely to be obtained without damage to other basic objectives through the establishment of special conditions for Germany than through the application on a NATO-wide basis of Mr. Robertson's proposed armament control scheme. This last point, however, is certainly debatable, and it is undoubtedly possible that it would be easier to obtain support for German admission to NATO in both France and Germany if Mr. Robertson's plan were to be used. We are impressed by the arguments in support of the proposal, particularly those arguments relating to this political problem, which are set out in Bonn's despatch No. 781 of August 13.† With most of those arguments we are in sympathy, but we consider that the despatch in question does not give sufficient weight to the harmful effect upon NATO of combining the principles of rearmament and disarmament, or to the strong probability that the United States would not be prepared to participate. Hence our conclusion, necessarily tentative, is more or less as follows:

(a) France will reluctantly accept German rearmament, but not in a supra-national structure limited to the continental powers alone.

(b) The other continental powers will not accept German rearmament in a manner which formally rejects the concept of European integration.

(c) It will thus be finally accepted that Germany should be admitted to NATO.

(d) This could be done either with the help of a NATO armaments control plan or through the negotiation of special terms of admission.

(e) Either of these courses would be difficult, but we believe the former would be seriously disruptive to NATO as a whole. We believe the alternative course is feasible and should be encouraged.

L.D. WILGRESS

314. DEA/50322-40

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

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

TELEGRAM 1037 London, August 26, 1954

TOP SECRET

EDC

I saw the Foreign Secretary this morning. He was not very happy about the general state of things. He has been trying to work out within the Foreign Office and with the Cabinet a line of policy for the United Kingdom to pursue if, as seems more and more likely, the French Chamber does not approve EDC in this weekend's debate. He would himself like to find a way by which the United Kingdom could enter into a modified EDC, but thus far he had not been able to work out any form of association which could stand up to the scrutiny and criticism of his col-

leagues. As matters stood he could not see any way of reconciling the French desire for the inclusion of the United Kingdom as a full partner in a European Defence Community with the political and strategic necessities of the United Kingdom position.

2. In the circumstances the United Kingdom now felt compelled to think seriously about the feasibility of containing German rearmament within NATO. He gave me a copy of the Foreign Office working paper on the conditions and safeguards which the United Kingdom should seek to secure in any negotiations looking to the incorporation of Germany into NATO. The text of this paper, which is going up to Cabinet this week, is contained in my immediately following telegram No. 1038. Eden recognized that it would be difficult and probably impossible to get the Germans to agree to all these conditions, and even if they did agree to them he did not feel United Kingdom opinion would be very happy about German rearmament in this inevitably much looser framework. In particular he felt the majority in the Labour Party and the TUC which had loyally supported German rearmament within EDC would find it very difficult to agree to the recreation of a German national army with its own general staff, etc. On the other hand one had to remember that Adenauer himself had not hitherto wanted Germany in NATO. This genuine reluctance on his part would be reinforced by the increasingly strong bargaining position which Germany with the aid of events had made for herself. The more closely one looked at feasible alternatives to EDC, the less one liked them, but he feared these alternatives would have to be pretty seriously and searchingly examined during these next weeks if the French debate should end either with the rejection of EDC or inconclusively.

3. He was inclined to think that the next step should be to explore with Adenauer the problem of German association with NATO. He did not like putting pressure on the French by isolating them, and told me that he had intervened from Geneva to block an earlier American suggestion which Churchill had been inclined to accept for a conference of the EDC ratifying countries, plus the United States and the United Kingdom, from which France would have been excluded. However, at the present juncture he thought it would be waste motion for the other powers concerned to try to start next week negotiating with France on the basis of whatever riders, qualifications or amendments might have been produced by an inconclusive EDC debate in Paris. There might be something to be said for giving France an opportunity for its own "reappraisal" of the consequences of rejecting the European Defence Treaty. Eden thought the State Department, which probably recognized it had been a little too officious with its good offices in Brussels last week, were likely also to share this view.

4. Eden had not yet discussed with Washington the question of when and how and by whom the problem on German relationship with NATO should be explored with Adenauer. He did not want to invite Adenauer to London, and he did not himself wish to go to Bonn. At the same time he thought the Americans might feel that there was a good deal to be said for the United Kingdom raising the whole range of problems with the Chancellor informally and secretly and at the earliest opportunity.

315. DEA/50322-40

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

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

TELEGRAM 1038 London, August 26, 1954

TOP SECRET

Reference: My immediately preceding telegram No. 1037.

RESTRICTIONS ON GERMAN REARMAMENT WHICH MIGHT BE FEASIBLE IN THE EVENT OF GERMAN ADMISSION TO NATO (UNITED KINGDOM WORKING PAPER)

Public opinion in France and other NATO countries will not readily accept German membership of NATO without some restrictions on German rearmament. These restrictions, if they are to be acceptable to German opinion, must not discriminate too obviously against the Germans and must apply to other countries as well. The ideal solution would be to transplant to NATO as many of the essential EDC safeguards as we can persuade the Germans to accept as the price of joining the leading western "club" as a full member.

We might aim at agreements on the following subjects:

(a) *Germany's initial contribution.* The size and character of the initial German defence contribution to NATO would be agreed with the Federal Republic as part of the negotiations for her admission to NATO. It would be based on the EDC figures of twelve divisions and 1300 aircraft. It would comprise neither submarines nor strategic bombers. The agreement might include a clause to the effect that any change in the composition or strength of the German contribution could only be made in consultation with the North Atlantic Council (i.e., through the annual review process) and in accordance with agreed NATO strategy.

(b) *Strategically exposed areas.* A protocol might be added to the North Atlantic Treaty to reproduce the EDC Agreement that within "strategic areas" certain types of arms production and research, including atomic and thermonuclear weapons, submarines and military aircraft, would only be permitted by decision of the North Atlantic Council. In order to avoid obvious discrimination against the Germans it will probably be necessary to define as "strategic areas" not only the Federal Republic but also parts of the NATO area also contiguous or nearly contiguous to the Soviet "empire" such as North Norway, Denmark Thrace and Turkey north of the Straits.

(c) *A European arms pool.* A European arms pool would have political and psychological value. The six EDC countries might adopt within NATO a plan for an arms pool, incorporating the essential features of the relevant provisions of the EDC Treaty (i.e., control over production, import and export of war material). The

drafting of the plan for such an arms pool would have to be left primarily to the EDC countries.

(d) *Commitment of forces to NATO.* In order to prevent Germany from maintaining forces other than those committed to NATO, an agreement might be concluded between all members of NATO on the lines of Articles 9, 10 and 11 of the EDC Treaty. Thus NATO members might agree that apart from forces placed under SACEUR no armed forces will be maintained except:

(i) Police and gendarmerie intended for the maintenance of internal order;

(ii) Troops for the personal protection of the Head of State;

(iii) Forces required for international missions (e.g., UNO) or for any other purpose approved by the North Atlantic Council;

(iv) Forces which any member required to fulfil its defence responsibilities in the North Atlantic area other than the European mainland or outside the NATO area.

(e) *Integration and deployment of NATO forces.*

(i) Measures might be taken to give effect to what is already agreed to be SACEUR's first responsibility, namely, the creation of a genuine and effective integrated forces, notably in the air, so that all German air units could be grouped with other nationalities in NATO air formations.

(ii) The position of Western Germany in the centre of the NATO front line, coupled with the obvious temptation for German forces to cross the zonal frontier to assist their compatriots in the Soviet zone or even later on to modify the Oder-Neisse frontier, make it essential to establish effective NATO control over the location and movement of the German forces.

We can reasonably expect the Germans to agree, as the United Kingdom and the United States agreed in the recent declarations about the EDC, that their forces shall be deployed in accordance with agreed NATO strategy. In addition, it might be agreed that national forces placed under SACEUR shall not be moved within the NATO area nor revert to national control for use within the NATO area without the consent of SACEUR and the North Atlantic Council. We could not in the case of Germany allow a repetition of the Italian action in September 1953 in sending troops and ships to the Yugoslav frontier without any consultation with NATO. The presence of Allied forces in Germany would of course be an additional and effective safe-guard.

(f) *Maintenance of United States and United Kingdom troops in Europe.* To supplement these suggested measures of control probably the most satisfying assurance that could be given to the French (particularly from the psychological point of view) would be some guarantee of the continued presence of United Kingdom and United States forces on the continent. Their presence would be essential in connection with, e.g. paragraph (e)(i) above. The United Kingdom and the United States have already stated, in connection with their proposed links with EDC, their intention to keep on the continent their fair share of forces required for European defence as long as the threat exists. New declarations on similar lines might be made by both governments.

(g) *Extending the duration of the North Atlantic Treaty.* An additional reassurance to the French (which would be particularly effective if guarantees as envisaged in paragraph (f) above were given) would be the addition of a protocol to the North Atlantic Treaty to remove the possibility of denunciation before fifty years. The idea that the treaty should be considered of indefinite duration has already been ventilated in the North Atlantic Council and in a broad sense approved. A legal life of fifty years might greatly help to reconcile public opinion to German rearmament. This provision might be included in the protocol inviting German accession to NATO.

(h) *German assurance against any attempt to modify existing frontiers by force.* One of the main objections to German admission to NATO is undoubtedly the fact that the Federal Republic (and probably a future reunited Germany) would be a territorially dissatisfied power, under constant temptation to modify its eastern frontiers by force and to drag the whole of the NATO alliance into war for that purpose. This objection is a real one and cannot be completely met. But we should at least require the German Federal Republic to make the type of declaration (suitably amended to meet the altered circumstance) which Dr. Adenauer last December agreed to make over the proposed security guarantees to be offered to the Russians in connection with the entry into force of the EDC. This would be buttressed by a version of the accompanying statement by the three western powers amended to take account of the new situation and to include all other NATO powers.

316. DEA/50322-40

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

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

TOP SECRET [Ottawa], August 27, 1954

GERMAN ADMISSION TO NATO

You will have seen Mr. Robertson's account of his interview with Mr. Eden (Canada House telegram no. 1037 of August 26) during which the Foreign Secretary outlined the difficulties surrounding any arrangement to associate the United Kingdom more closely with a modified EDC and the problems involved in imposing conditions on German rearmament should Germany be admitted to NATO. It is apparent that the United Kingdom is not prepared to make any last minute concessions which might increase support for the EDC in France and consequently they are currently studying seriously the feasibility of containing German rearmament within NATO in the probable event that the Treaty of Paris is rejected by the French Assembly or the debate is inconclusive. (The outline of the United Kingdom plan for restrictions of German rearmament in the event of German admission to NATO is contained in Canada House telegram no. 1038 of August 26.)

2. Mr. Eden recognizes (and I think you would agree) that it would be difficult and probably impossible to get the Germans to agree to all these conditions as the

price of joining NATO particularly since Germany, as a result of recent events, is in a stronger bargaining position.[53] He has indicated to Mr. Robertson that the next step probably should be for the United Kingdom to explore secretly with Chancellor Adenauer the problem of German association with NATO, although it is apparent that he has not yet discussed this course of action with Washington.

3. According to the information we received earlier from our Embassy in Washington, the State Department is not enthusiastic, and in fact can see strong objections, to the United Kingdom plan for imposing restrictions on German rearmament in the event that Germany is admitted to NATO. While they agree that there must be restrictions on German defence production and German military forces, their main objection to the United Kingdom plan is that it would result in a type of second-class membership for Germany in NATO which would not for long be acceptable to German public opinion. The State Department is thinking in terms of a new agreement between the Three Powers and Germany which would come into effect at such time as the prohibition of German rearmament might have to be removed. In addition to binding the Federal Republic not to seek reunification of Germany or the reintegration of the lost German territories in the East by force of arms, the agreement would prohibit the manufacture in Germany of some of the items listed in the EDC Treaty (e.g. atomic weapons, biological weapons, etc.) and at the same time bind the Federal Republic to try to meet some of the force goals set for it by NATO. In this latter connection the United States considers it might be possible to draft a clause which could be interpreted in Western Germany as an undertaking on the part of the Federal Republic to do its full share in contributing to the common defence of the West and could be interpreted in France and the United Kingdom as setting a limit on German rearmament.

4. In our view there would seem to be considerable merit in endeavouring to work out as soon as possible a plan acceptable to both the United States and the United Kingdom (and possibly to the other NATO members) for controlling German rearmament within NATO before making any approach to the Germans, particularly in the light of the possible repercussions in France should it appear that the United Kingdom is attempting to put pressure on France by making a separate approach to the Germans. In addition, an immediate approach to the Germans, before a mutually acceptable plan for German rearmament has been worked out, could mean that German rejection of most of the features of the United Kingdom plan might make it more difficult to obtain some compromise solution between the opposing United States and United Kingdom viewpoints.

5. Although we have not had an opportunity to study the United Kingdom plan in detail, our preliminary reaction is that it provides a much more realistic practical approach to the problem (i.e. through modifications in existing NATO arrangements which as you know is one of the basic features of Mr. Robertson's original proposals) and is more likely of acceptance from the French point of view (and moreover would probably have the support of the other EDC countries since the United Kingdom plan envisages the incorporation of many of the safeguards con-

[53] Note marginale :/Marginal note:
Yes [L.B. Pearson]

tained in the EDC Treaty) than the United States plan of having the safeguards included in a separate agreement between the Three Powers and the Federal Republic. In addition, any separate treaty would probably have to obtain parliamentary approval in France whereas modifications of existing NATO arrangements might not.

6. In the circumstances, if you agree with this analysis of the situation, I suggest that we might instruct our High Commissioner in London to inform the Foreign Office of our views. I suggest, if you approve, that Mr. Robertson might emphasize our concern at the reaction in France to a separate United Kingdom approach to the Germans at this juncture, particularly when you have already expressed to the French Premier our sympathetic understanding of the difficulties which his government faces and since we have stressed the importance of obtaining a settlement which will protect the interests of France and advance the cause of Atlantic cooperation. A separate approach to the Germans at this time might also serve to convince them (to borrow Mr. Ritchie's expression) that they are the "teacher's pets" while France is "at the bottom of the class".

7. If you think it advisable we might also ask the Foreign Office and State Department to consider jointly with us possibly in Washington the plan, originally suggested by Mr. Robertson and elaborated on in the Departmental memorandum of July 16, as a preliminary to raising this in some larger body such as NATO Council.[54]

J. L[ÉGER]

317. DEA/50172-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1512 Ottawa, August 27, 1954

SECRET

Repeat London No. 1259; CANAC Paris No. 575; Paris No. 445.

EDC

There are reports in the press emanating from Washington that if, as seems very likely, EDC is defeated in Paris, a meeting of six European members of NATO, plus Germany and the United States, will be called to decide what to do next in regard to Germany's association with collective defence.

[54] Note marginale :/Marginal note:
How can we discuss modifications to NATO with the Germans before we discuss them in the NATO Council. [L.B. Pearson]

2. I have been very surprised that in these references, which are apparently inspired by the State Department, there is no suggestion that Canada should participate in such a meeting. This would certainly be hard to explain here in view of the contribution we are now making to European defence, and which will certainly be affected by the breakdown of EDC. Canada's absence from any such meeting would certainly encourage those forces in this country who look forward to the day when we can lessen, or even withdraw from the commitments we have already undertaken under NATO.

3. I would be glad if you would enquire of the State Department whether there is any validity to the above reports.

318. DEA/50322-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1538 Ottawa, August 31, 1954

SECRET. IMMEDIATE.

Repeat London No. 1275.

In the light of your telephone conversation this morning with Ford, you might inform Elbrick that we are currently thinking in terms of German association with NATO as the most practical means of providing for a German defence contribution. However, in order to do this on non-discriminatory terms calculated both to meet legitimate German aspirations and at the same time to provide for adequate safeguards on German rearmament, we are inclined to the view that it would be necessary for all NATO countries to agree to give the Organization additional functions in the field of armament control. We consider that there may be some merit in exploring the possibilities of such a plan particularly since the United Kingdom proposals (as contained in Canada House telegram No. 1038 of August 26 repeated to you) are open to the serious objection (already expressed to you by the State Department) that they provide for a form of second-class membership for Germany in NATO.

2. If our understanding of the present thinking in the State Department is correct (as reported in your telegram WA-1347 of July 31),† the Americans appear to be favourably disposed towards the idea of German admission to NATO but unlike the United Kingdom, they would prefer to have the safeguards on German re-armament and German military action included in a new treaty between the Three Powers and the Federal Republic which would at the same time bind the Federal Republic to try to meet some of the force goals set for it by NATO. Apparently the State Department considers that it would be possible to draft a clause in this agreement which could be interpreted in Western Germany as an undertaking on the part of the Federal Republic to do its full share in contributing to the common defence

and could be interpreted in France and the United Kingdom as setting a limit on German re-armament.

3. While we have not yet studied the United States views in detail (and we would be grateful for any additional information you are able to provide) our preliminary reaction at the official level is that they attempt to solve an essentially NATO problem in a quadri-partite basis only. In addition it would probably be very difficult to work out in that framework any agreement which would be acceptable to the French and which would be able to obtain French parliamentary approval. In the circumstances we consider that there might be some additional merit in devoting serious thought to the principles of our plan which, even if it were to require parliamentary approval in France, would likely prove more acceptable to the Assembly.

4. Accordingly you might relay these thoughts informally to Elbrick. You might also mention orally some of the salient points of Annex C to our memorandum of July 16 avoiding, however, any mention of the parts touching on atomic control.

5. It would be useful to inform your United Kingdom colleagues to the same extent that Foreign Office has been informed by Mr. Robertson.

6. We hope to be able to send you shortly further information concerning the next steps. For your information, our preliminary thinking is that talks might be held by you with State Department officials in Washington and simultaneously in London with the Foreign Office.

319. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], September 1, 1954

. . .

EUROPEAN DEFENCE COMMUNITY

24. *The Secretary of State for External Affairs* reported on the recent debate which had taken place in the French Assembly concerning the European Defence Community. The Canadian mission in Paris had never thought the E.D.C. would be approved by the Assembly. Having in mind that Canada had a brigade group and an air division of over 300 planes in Europe, he had sent a message to the Premier of France to record Canada's interest in the matter of the defence of Western Europe.[55] Surprisingly, the message was made public and as a result had been interpreted in Canada as a warning; but Mr. Mendes-France had thanked him for it and said that it was helpful and comforting. It appeared to have done no harm. While, in many ways, it was useful to have the E.D.C. question settled, it had been decided in a most unfortunate manner. The decision was taken on a motion of closure and the proponents of the plan had therefore been prevented from discussing it. The

[55] Voir/See Canada, Department of External Affairs, *Press Release*, 1954, No. 53.
Voir aussi/See also France, Ministère des Affaires étrangères, *Documents diplomatiques français 1954*, Paris : Imprimerie nationale, 1987, Documents 110 et/and 116.

Premier appeared to be playing a curious role. He indicated that he wanted E.D.C. approved but he was apparently relieved that this had not happened. Furthermore the issue had not been made a vote of confidence. Mr. Mendes-France was now going to endeavour to produce a solution to the problem himself.

The reactions in Washington and Bonn to the killing of E.D.C. could be dangerous. In the United States, the forces of isolationism might be strengthened or France might be written off and separate defensive arrangements made with Western Germany. In the latter country unless something useful were done in the near future, Chancellor Adenauer's position would be gravely weakened. His position had already been weakened by the defeat of E.D.C. and the defection of certain prominent West Germans to the Communist side. Chancellor Adenauer could not play an active part in public affairs much longer because of his age, and it was doubtful if those who would succeed him would inspire the confidence he had amongst Western nations.

It now seemed desirable to have the whole matter of European defence and West Germany's position placed before the NATO Council, as soon as some thought had been given to the character of any new arrangement which might be reached. The United States had wanted a NATO meeting immediately but, because of the discussions at Manila regarding the formation of a Southeast Asian Defence Organization, the earliest time at which such a meeting could take place would be in October. The United States would probably suggest that West Germany be admitted to NATO with a minimum of restrictions. France would resist this strongly. It should be possible, however, to find a way for using the NATO machinery to control armaments. The Premier of France might try to reach an agreement with West Germany outside of NATO auspices and then seek to have her admitted to the organization afterwards subject to such agreement. We should press to have the matter discussed fully with a view to integrating West Germany in the Organization as soon as possible, otherwise it would be too late and that country might drift rapidly towards a closer connection with the Soviet bloc. It was to be hoped that public opinion in the United States and the United Kingdom would not become too bitter towards France. Mr. Mendes-France's support in his own country was not too strong despite his successes prior to the E.D.C. debate.

25. *In the course of discussion*, the following points emerged:

(a) Canadians would be unlikely to want to continue to keep forces in West Germany unless the West Germans themselves were permitted and were prepared to share in their own defence.

(b) With regard to the Manila Conference, the position of the United States had now altered quite considerably and their proposals for a tight security pact had been watered down. It seemed that U.S. policy was becoming more realistic but one result was that Thailand and the Philippines were more impatient with the United States than they had been heretofore.

(c) French fears that Germany might dominate Europe did not seem realistic in an age of thermonuclear weapons of great destructive power.

26. *The Cabinet* noted the report of the Secretary of State for External Affairs regarding the fate of the European Defence Community following the debate in the

French Assembly, and agreed it would now be desirable that the question of the defence of Europe and the position of West Germany be considered at an early meeting of the NATO Council.

320. DEA/50322-40

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

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

TELEGRAM 1291 Ottawa, September 1, 1954

CONFIDENTIAL. IMPORTANT.

Reference: My telegram to Washington, repeated to you as No. 1259 of August 28. Repeat Paris No. 462; CANAC Paris No. 591; Washington EX-1545.
Following for High Commissioner from Minister, Begins: There is a Reuters despatch in this evening's paper to the effect that the British Cabinet has decided to call an early Eight-Power conference, on Foreign Minister level, to discuss an alternative method of rearming Western Germany and associating her with NATO. Apparently the Scandinavian states and Canada alone of the NATO members are to be omitted from this consultation. You will appreciate the difficulty and embarrassment that this would cause us.

321. DEA/50322-40

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

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

TELEGRAM 1068 London, September 2, 1954

SECRET. IMMEDIATE.

Repeat CANAC Paris No. 69; Paris No. 111; Bonn No. 39; Brussels No. 10; The Hague No. 18.

1. The press reports this morning that the United Kingdom Cabinet yesterday agreed to seek an early conference — perhaps within a fortnight — of the United Kingdom, the United States and the six EDC signatories to consider the best framework for Germany's defence contribution now that the EDC framework has been shattered.

2. I have reminded the Commonwealth Relations Office of the considerations put forward in your telegram to Washington EX-1512, and enlarged on the embarrassments that might arise from our omission from the list of countries to be consulted. I am seeing Swinton and Kirkpatrick later this afternoon and will put the same

point to them. The United States is reported in the press to have expressed a preference that the first general consultation should take the form of a NATO ministerial meeting. I assume this would be your view too. In the circumstances I am inclined to think the best object to work for is a very early NATO council meeting, not necessarily ministerial, because of the time difficulty and Dulles' absence, which could sponsor exploratory negotiations between those of its members most directly concerned with the German defence contribution, and Germany. I assume that if negotiations were sponsored by NATO, there would be no question but that Canada would be among the countries invited to take part.

322. DEA/10935-F-40

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

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

TELEGRAM 1072 London, September 2, 1954

SECRET

Repeat Bonn No. 41; Paris No. 114; CANAC Paris No. 71.

RESTORATION OF GERMAN SOVEREIGNTY AND GERMAN REARMAMENT

We understand CRO will be providing you with a more detailed account of action which it is proposed to take following failure of French Assembly to approve EDC. This message will merely attempt to outline the main points as told to us today.

2. It is intended to proceed immediately with simultaneous consultations in Bonn and Paris regarding the putting into effect of the Bonn Conventions. These consultations will be based on the two draft protocols and the draft exchange of notes produced by the Anglo-American working group here on July 12th. So far as Bonn is concerned, the two High Commissioners are approaching Adenauer separately. We gather that Conant had an appointment this morning and that Hoyer Millar will be seeing Adenauer later this afternoon. Part of the reason for separate consultations is that the Foreign Office wish to sound Adenauer out in a very general way regarding his reactions to the solution of the rearmament problem through membership in NATO as envisaged in the British working paper transmitted to you in my telegram No. 1037 of August 26th. We gather that the State Department, on the other hand, do not wish to go any further at this stage than discussion of the protocols relating to the restoration of German sovereignty, although they have no objection to the British raising the question of a defence contribution through NATO, providing it is made clear that is strictly a British initiative. The Benelux countries and the NATO council will probably be informed Saturday of the action taken regarding the Bonn Conventions, and, we assume, will be given copies of the relevant documents.

323. DEA/50322-40

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

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

TELEGRAM 1297 Ottawa, September 2, 1954

SECRET. IMMEDIATE.

Reference: Canada House Telegram No. 1068 of September 2 to Ottawa, already repeated to you.
Repeat Washington EX-1554; CANAC Paris No. 593; Bonn No. 202; Paris No. 466; Brussels No. 106; The Hague No. 102; Copenhagen No. 34; Rome No. 126; Lisbon No. 53; Athens No. 87; Ankara No. 67; Oslo No. 44.

GERMAN REARMAMENT AND NATO

Canadian High Commissioner in London has reported by telephone that, contrary to press reports, the United Kingdom has not yet issued invitations to an 8-Power meeting. Robertson is seeing Foreign Office this morning and will express Canadian Government views as follows:

(1) There should be an early NATO Council meeting, either at Ministerial level or of Permanent Representatives;

(2) Question of German participation in Western defence should be considered in the NATO forum and not in an 8-Power or 3-Power meeting separate from NATO;

(3) It would be preferable to allow enough time before the NATO meeting to permit of careful preparation. However, if we must choose between a premature NATO meeting and a non-NATO meeting, we strongly prefer the former.

(4) Our preference for the NATO forum applies even if it were suggested that Canada be invited to any non-NATO gathering.

(5) When the NATO Council meets it might well decide to delegate, to a group of NATO members, the responsibility of negotiating with the German Government and of course reporting back continuously to the NATO Council. This smaller group might be the three Occupying Powers or it might be the Three Powers plus the E.D.C. countries plus Canada. (We realize of course that the three Powers have, as Occupying Powers, certain authority relating to German sovereignty which is not and cannot be derived from the NATO Council.)

2. Please immediately inform at a high level the Foreign Office of the country to which you are accredited of the Canadian Government's views as given above.

3. In answer to enquiries, press will be told here (and you may do the same in reply to enquiries) of Canadian views given in sub-paragraphs (1) and (2) above, and also that, while we are still studying the matter, we cannot at present see any satisfactory alternative to Germany's association with NATO. We are not at this stage telling the press of our idea that NATO Council should delegate the task of negotiation with the Germans to a smaller group.

4. This telegram is being sent for action to all Canadian Missions to NATO countries and repeated for information to London, Bonn and our Delegation to NATO in Paris.

5. (FOR EMBASSY PARIS ONLY) This telegram will serve as the reply to your telegram No. 392 of September 2.†

324. DEA/50030-P-1-40

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

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

SECRET [Ottawa], September 3, 1954

NATO, EDC AND GERMAN REARMAMENT

The failure of the French Assembly to approve EDC has now confronted the Western Allies with the same difficult problems (though in a more highly charged atmosphere) to which the Paris Treaty appeared to provide the answer. These problems — West German sovereignty and a controlled German contribution to Western defence — must be solved together if we assume, as we must, that French co-operation in the formulation of Western policy with respect to Germany is essential to the unity of the North Atlantic Alliance. Of the two problems, the most difficult is that of German rearmament. When that is solved the problem of German sovereignty should prove relatively easy, since it is not German sovereignty itself but one of the important attributes of sovereignty (i.e. the right to national armed forces) which, in French eyes, raises the spectre of German militarism. The basic framework for terminating the occupation régime and recognizing German sovereignty has already been agreed between France, the United States and the United Kingdom in consultation with the Federal Republic. However, to attempt to solve the question of sovereignty first would almost certainly complicate the solution to the rearmament problem.

Main Considerations

2. Our approach to a solution of these problems is based on the following assumptions:

(a) As agreed at the Brussels Meeting of the North Atlantic Council in 1950, a German defence contribution is essential to the defence of Western Europe;

(b) This contribution must be obtained in such a way that legitimate German aspirations are met while, at the same time, the members of NATO, and particularly France, are assured of adequate safeguards against misuse of German military power;

(c) To do this inevitably involves tackling the underlying problem of Franco-German relations, which in many respects is fundamentally one of an increasing unbalance of power between the two countries;

(d) With the failure of the EDC, NATO seems to provide the most practical framework within which the harmful effects of this unbalance could be counteracted by bringing in the United Kingdom and the United States to offset German military and economic strength.

(e) If NATO is used for this purpose, German admission must be brought about in such a way as to preserve the unity of NATO and to ensure (as far as it is possible) the permanent integration of Germany within the Atlantic Community.

3. These considerations have led us to the conclusion that the solution to the twin problems of German sovereignty and a German defence contribution which offers the best prospect of permanency is one involving the admission of a sovereign Germany to NATO after there has been instituted in NATO as a whole a system of armament control adequate to safeguard against a resurgence of German militarism. Any restrictions on German sovereignty retained as a condition of Germany's admission to NATO are unlikely to last for long and the strains among member countries which their removal would create might disintegrate the Alliance. Whatever controls on German rearmament we consider essential should be so established that they appear non-discriminatory, or as nearly so as possible.

4. We set out in our memorandum of July 16, and particularly in Annex "C" to that memorandum, a plan which would offer a solution along these lines. You will recall that the plan was that the forms of armament supervision which already exist in NATO (the Annual Review, the activities of the Standing Group agencies and the NATO Secretariat in the fields of standardization of arms and correlation of defence production, and the training and inspection responsibilities of the Supreme Commanders) should be strengthened and that a system of inspection should be set up in NATO under the authority of the Council. It was suggested that this control machinery might be established in progressive stages in order to introduce flexibility into the plan.

Views of our Missions

5. We have reviewed our previous memorandum in the light of the comments received from our missions abroad. One of the main objections raised has been that our plans would change the whole character and direction of NATO. Mr. Wilgress, in particular, is concerned lest the introduction of what he calls "the concept of limiting armaments" would result in a loss of direction and purpose in NATO, particularly at a time when member Governments are experiencing considerable difficulty in meeting their existing commitments.

6. In reply we would point out that our plan is not for "limiting" armaments but for controlling them and that such a system could work in both directions (either to limit or to maintain existing levels) according to individual circumstances. It is fairly evident, moreover, that there has already been some loss of momentum in NATO due in some part to the adoption of the "long haul" approach to NATO defence planning and in some part to the uncertainty surrounding the German defence contribution (which has been regarded by NATO as essential but has for so long failed to materialize). There is good reason to believe that our plan, if successful, would restore a positive purpose to the Alliance by obtaining willing German participation in the Atlantic Community, binding the Alliance more closely

together and providing it with a flexible machinery capable of facilitating future NATO defence planning, whatever direction it might take. For these reasons it is our view that this plan, if properly presented to the public, would increase popular support for NATO rather than the contrary.

7. Our Ambassador in Bonn is in full agreement with our analysis of the underlying problem of Franco-German relations. He believes that since German support for the E.D.C. was based to a large extent on genuine support for the "European Idea", membership in NATO itself may not be a completely adequate substitute. He feels, however, that one of the main attractions of our plan is that under it Germany would adhere to the same "rules of the club" as the other members. A summary of German views following the failure of the E.D.C. is given in Annex "B".

8. Mr. [C.S.A.] Ritchie has made one suggestion which in our view might with advantage be incorporated in our proposals. He considers it important to secure from West Germany, as a prerequisite to admission to NATO, a guarantee that it will not attempt to re-unify Germany or recover the lost German territories in the East by force of arms. We think it would also be desirable to combine this with a parallel undertaking by West Germany to devote the whole of its defence effort to NATO, on the grounds that since West Germany, as a member of NATO, would have renounced the use of force in dealing with the question of its eastern frontiers, and since it has no overseas responsibilities, it can have no legitimate use for armed forces beyond those assigned for the defence of the NATO area. Such undertakings, which the Germans could hardly refuse to give, would of course furnish NATO with a powerful weapon in the propaganda war with the Communists.

9. From the comments we have so far received we have no reason to think that the French reaction to our plan would be unfavourable. In fact Mr. Wilgress has observed that Mendes-France, in advancing his amendments to the E.D.C. at Brussels, was proposing German membership in NATO in everything but name. An analysis of the French position following the failure of the EDC is given in Annex "A".

10. The most important reactions to our plan will, of course, be those of the United Kingdom and, more particularly, the United States. We have already had an opportunity to study in a preliminary way the United Kingdom plan for controlled German re-armament within NATO the text of which is contained in Annex "C".[56] It is interesting to note that this plan contemplates modifications in the existing NATO arrangements but that it would impose obligations on Germany additional to those assumed by the rest of the member countries. The United States is opposed to the United Kingdom scheme mainly on the grounds that it would result in a type of second-class membership for Western Germany which would not for long be acceptable to German public opinion.

11. Our missions have confirmed that it is extremely unlikely that the United States would be prepared to agree to the full inspection and control scheme described in our memorandum to you of July 16th. At the moment the United

[56] Le document britannique est réimprimé et appelé Document 315.
The British paper is reprinted as Document 315.

States appears to favour a new agreement between the Three Powers in Germany which would contain safeguards on German re-armament and at the same time would bind Germany to try to meet force goals set for it by NATO. Our chief objections to this approach are that it represents an attempt to solve an essentially NATO problem on a quadripartite basis only and that it is manifestly discriminatory against Germany.

Conclusions

12. I think the time has now come when we should explore urgently with our NATO partners the possibility of implementing a plan such as that outlined in our memorandum of July 16th, modified as might be necessary to command general support, as a preliminary to the admission of Germany to NATO. In doing so I would suggest that we put forward a series of variants of this plan, arranged in order of their scope. An indication of these variants is given briefly below:

Variant A: Inspection and control of *all* armed forces and *all* armaments (both conventional and atomic) in *all* NATO countries;

B: Inspection and control of armed forces and armaments actually assigned to NATO Commanders;

C: Inspection and control of armed forces and conventional armaments only in all NATO countries;

D: Inspection and control of all armed forces and armaments on the Continent of Europe;

E: Inspection and control of all armed forces and armaments in the E.D.C. countries.

13. It is recognized that Variant A, although ideally the best, is most unlikely to be even seriously considered, not to mention accepted, by the United States and the United Kingdom. At the other extreme the last two variants involve such a measure of discrimination that they hardly meet our requirements for a reasonably permanent solution. The most likely possibilities would, therefore, seem to be Variants B and C, of which the first appears to be by far the best. If Variant B were combined with a solemn undertaking by Germany that she would devote the whole of her defence effort to NATO, it would insure that all German armed forces and armaments were subject to NATO supervision, while leaving the most sensitive areas of United States and United Kingdom armament (the strategic air forces and the strategic reserves) and certain French forces outside its scope. The United States and United Kingdom would probably still object but might in the end be willing to accept it rather than risk the disintegration of NATO.

14. Variant C would be less satisfactory in that it would leave beyond NATO control German atomic development for military purposes (unless, of course, Germany renounces its right to produce atomic energy). This may not be a problem at present or for the immediate future but it is almost certain to become an important factor in a matter of years. Moreover, an undertaking not to enter the atomic energy field is likely before long to be regarded by the Germans as a far more humiliating limitation on their sovereignty than an undertaking to assign all their forces and armaments to NATO.

15. The latter type of undertaking would be a natural corollary to a pledge by the German Government that they will renounce force as a means of reuniting Germany or recovering the lost territories (see para. 8 above). Twin undertakings of this nature by Germany could be represented not as discrimination against Germany but merely as recognition of the key position of Germany between the Soviet Empire and the Western Powers and the necessity of insuring that this position will not be exploited to threaten either side. An alternative and possibly preferable form of undertaking by Germany might be that envisaged under the United Kingdom plan (annex "C" para. (d)) whereby all NATO members including Germany might agree that, apart from forces placed under SACEUR, no armed forces will be maintained except national police forces, troops for the protection of the Head of State, forces for international missions (e.g. UN) and "forces which any member required to fulfil its defence responsibilities in the North Atlantic area other than the European mainland or outside the NATO area".

16. As to a timetable, it would seem desirable, if you agree, to make known these views immediately in London and Washington, particularly since the State Department appears to have expressed genuine interest in the general lines of our thinking on German association with NATO and would be glad to examine our plan in more detail (telegram WA-1516 of September 2 from Washington).† In the circumstances, I suggest that our representatives explain:

(a) that these views represent the thinking of this Department and have your blessing;

(b) that they are not yet Canadian Government views;

(c) that if, after further study it appears desirable, we will put them forward at whatever NATO Council meeting is convened for the purpose of discussing the problem of a German defence contribution;

(d) that we are disturbed that both the United States and the United Kingdom appear to be going ahead with plans to restore German sovereignty before NATO has had an opportunity to consider seriously proposals for dealing with the problem of a German defence contribution.

17. If this course of action is agreeable, I would also suggest that, when instructions have been sent to London and Washington, copies of these instructions and of this memorandum be referred to our missions in the other NATO capitals and to the Chairman, Chiefs of Staff for any comments he may wish to make and that an early opportunity be taken to discuss our plan in the Cabinet Defence Committee. This consultation should not hold up our approach to London and Washington, in which speed is of the essence, but would be useful before proposals are put forward in the NATO forum. In addition, an effort will be made in this Department to study more closely the United Kingdom plan with the object of determining the extent to which some of its features are compatible with, if not adaptable to, our proposals.

J. L[ÉGER]

[PIÈCE JOINTE 1/ENCLOSURE 1]

Annexe A

Annex A

FRENCH VIEWS FOLLOWING THE FAILURE OF E.D.C.

French opposition to E.D.C. in the National Assembly, which was characterized by a highly emotional content, crystallized on two points, according to the report from our Ambassador to France. These were:

(1) The refusal of the United Kingdom to participate in E.D.C.

(2) The rearmament of Germany linked to the limitation of French sovereignty.

2. Three important factors, which influenced the decision of the Assembly were as follows:

(1) The fear that the pattern of the second and third decades of the century would be repeated if Germany were again permitted to rearm. Mindful of recent history, the French wonder what will happen after the influence of Adenauer is removed from German politics. In the minds of many Frenchmen, the menace of Russia is not nearly as apparent as the potential menace of an armed Germany with irredentist aspirations in the East. They also remember three German invasions within eighty years, and animosity towards the Germans is presently being stimulated by war crimes trials in France.

(2) The French have resented intervention by the United States in their domestic politics in connection with the ratification of E.D.C. This resentment has been magnified to some extent by the existence of some anti-American feeling in France which stems from a number of causes. The recent efforts of United States officials, and particularly Mr. Dulles, in attempting to force the French Government into presenting E.D.C. to the National Assembly, and in endeavouring to have the Assembly approve the Treaty, resulted in increasing the antagonism of some deputies to the Treaty.

(3) In France there is wide-spread anti-clericalism among some sectors of the populace and this, of course, is reflected in the National Assembly. E.D.C. is supported in a large measure by Catholic parties (in France, Germany, Italy and The Netherlands) who, in a generic sense, have moderate right-wing political views or mild socialist leanings. The conception of a European Community influenced by a Roman Catholic political party is obnoxious, our Ambassador thinks, to a considerable number of anti-clericals in France.

3. The highly charged atmosphere in the French Assembly on the question of E.D.C. led to an emotional debate in which the highly technical Treaty was reduced to a few essentials, notwithstanding the lengthy and detailed reports of the various parliamentary committees which studied it. These reports, though unfavourable to the Treaty, were not studied in the Assembly at any length. It would appear, in the light of this experience, that any provision or any alternatives to E.D.C. providing for German sovereignty and rearmament might meet similar treatment in the National Assembly, and debate would centre on a few salient points.

4. The Mendes-France proposals submitted at Brussels lend substance to our view that the French would not be unwilling to have Germany rearmed within NATO. These proposals provided for an intimate though inferior relationship of E.D.C. to NATO. The protocol provided that all decisions relating to defence policy and likely to affect the E.D.C. as a whole would be taken unanimously by the NATO and E.D.C. Councils in joint session, which in effect would give Germany the right of attending NATO Meetings, and of veto in matters of major policy. There was also a provision that E.D.C. headquarters would be located in the same place as the NATO headquarters. A further French stipulation was that the United States and the United Kingdom would maintain forces on the European continent including Germany at an agreed ratio to those of the E.D.C. powers, as long as any threat to the security of Western Europe and the E.D.C. countries continued to exist.

5. An important part of the Mendes-France proposals dealt with the structure of E.D.C. According to these proposals, the functions of the various organs of the E.D.C. would be, briefly, as follows during the important "initial period" of the treaty (i.e. the first eight years):

(a) The Council of Ministers, the supreme authority, would take unanimous decisions if any member considered the questions involved affected national interests. In particular proposals to amend the E.D.C. Treaty must be approved unanimously by the Council.

(b) The Commissariat, the effective organ, would be directly responsible to the Council of Ministers, from which it would obtain directions, and would be limited to administrative functions not involving political decisions.

(c) The Commissariat would consist of: (i) a central organ; and (ii) territorial divisions in all the member countries, under deputies which would be nationals of the countries concerned. The function of these territorial divisions would be to co-ordinate with the national authorities concerned the measures required for implementation of the E.D.C. Treaty. However, the legislation and regulations of the member states in the defence field would remain in effect until E.D.C. provisions had been drawn up and agreed unanimously.

(d) The E.D.C. Court, which was originally intended to adjudicate on questions relating to the interpretation and application of the Treaty, would not have jurisdiction in disputes arising out of the functioning of the Commissariat in each state.

6. According to the Mendes-France proposals the military provisions of the E.D.C. would include the following:

(a) The concept of integration would apply only to the forces stationed in the "covering zone" (which would presumably include Western Germany and possibly other forward areas).

(b) Forces of non-E.D.C. members of NATO could participate in E.D.C. formations at the request of SACEUR and the non-E.D.C. states concerned.

7. The Mendes-France proposals also would introduce the following important modifications in the economic and financial arrangements of the E.D.C.:

(a) During the first complete fiscal year following the entry into force of the E.D.C. the contributions of the E.D.C. states would be determined not by the Commissariat but in accordance with the NATO procedure.

(b) Thereafter the procedure would be that first the member's contribution would be decided in national parliaments, that then a combined E.D.C. budget would be submitted by the Commissariat to the Council, which would have to approve it unanimously, and that this budget would be submitted for final approval to the Assembly, which could reject it or re-allocate within it but could not increase it.

8. If the Mendes-France proposals had been adopted the E.D.C. would have lost most, if not all, of its supranational characteristics and would have become an alliance similar but subordinate to NATO, though with certain additional organs (like the Assembly and the Court) whose functions would in practice be severely curtailed. The only area in which the E.D.C. would have functioned in a supranational way, as far as can be seen, would have been in the "covering zone", where there would have been an integrated E.D.C. force for the Commissariat to administer.

9. This examination would seem to lead to the conclusion that, provided NATO could exercise some control over the size of the German defence contribution, the French (or at least those prepared to support the Mendes-France proposals) would not oppose the admission of Germany to NATO.

10. The French, according to press reports, regard the new German policy, which was announced in a Cabinet Communiqué (see Annex "B") as a manoeuvre. This opinion would appear to be substantiated by the subsequent comments of the head of the Federal Government's press office, who stated that any impression gathered from the communiqué to the effect that the Germans wished France to be excluded from future negotiations on German sovereignty and rearmament was incorrect.

11. In their turn the French have suggested that some plan might be drawn up in which the United Kingdom would be able to participate with France, Germany and the other E.D.C. powers. This proposal would envisage a coalition of armies, and some degree of integration in armament industries, which would be facilitated by the already established ECSC. However, the United Kingdom has already refused to accept any control by ECSC though the French, according to press reports, think that the United Kingdom may possibly reconsider its views about closer association with France and Germany in Western European defence.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Annexe B

Annex B

GERMAN VIEWS FOLLOWING THE FAILURE OF EDC

Our Ambassador to the Federal Republic has reported that, contrary to the expected atmosphere of gloom, there is some "smug" satisfaction among officials of the German Foreign Ministry about the French rejection of EDC. This feeling has resulted from the record of German cooperation in regard to EDC and French

lack of cooperation. It has been reflected in a press communiqué (see below) in which it would appear that France was deliberately snubbed.

2. At the same time Germany, according to press reports, is endeavouring to press for complete sovereignty in contrast to the type of sovereignty envisaged in the original EDC. A press communiqué issued after a meeting of the German Cabinet to discuss the French rejection of EDC made the following points:

(a) Continuation of the policy of seeking to unite Europe and consultations covering the further treatment of the question of military integration with countries that have already ratified EDC, or are about to ratify it.

(2) Restoration of the sovereignty of the Federal Republic.

(3) Participation by the Federal Republic in the Western defence system on a basis of equality.

(4) The conclusion of a legal settlement governing the stationing of troops in the Federal Republic by means of new conventions.

(5) Immediate negotiations between the Federal Republic and the United States and the United Kingdom (about these issues).

3. Our Ambassador also reports that he was informed that a prominent member of the Social Democrats (SPD) had stated that they would favour German participation in a coalition army within the framework of NATO and that reports that the SPD as a whole favoured a neutralized Germany were not accurate. The Social Democrats consider that such a contribution should be smaller than the French or United Kingdom contribution. However, they would not fully support German participation in NATO until it was clear that a Four Power Agreement on Germany could not be reached, on the basis of negotiations as proposed in the recent Soviet notes.

4. According to our Ambassador, Adenauer's position from an internal political standpoint has not been appreciably weakened by the failure of the French to ratify EDC and Germany's external position seems only to have been strengthened by events. Mr. Ritchie reports that there have been no very sharp criticisms of the Chancellor and the Government as a result of the failure of EDC; in fact there seems to be a tendency to applaud the Chancellor's handling of recent negotiations.

325. DEA/50322-40

L'ambassadeur en République fédérale d'Allemagne au secrétaire d'État aux Affaires extérieures

Ambassador in Federal Republic of Germany to Secretary of State for External Affairs

TELEGRAM 239 Bonn, September 3, 1954

SECRET. IMPORTANT.

Repeat London No. 99; Paris No. 47 for Stadacona and Canac; Copies to Brussels and The Hague.

ADENAUER'S REACTIONS TO UNITED KINGDOM—UNITED STATES PROPOSALS

Johnston of the United Kingdom High Commission has told us Adenauer's reactions to the two protocols which were handed to him by Conant and by Hoyer Millar yesterday were decidedly unfavourable. The Chancellor said that the protocols contemplated so many restrictions being placed upon Germany that he could not agree to place them before the Bundestag. When Conant showed the protocols to the Chancellor, he told him that it was planned also to show them to the French. The Chancellor was very upset and because of this a dramatic last minute reversal of instructions had to be given to Jebb and to Dillon. Jebb kept his appointment with Mendes-France but was unable to discuss with him the principle reason for his visit.

2. Hoyer Millar also was authorized to ask for the Chancellor's opinion on two alternative plans which the United Kingdom Government considered as possible means by which Germany might be brought into the western defence system. He informed Adenauer that the United Kingdom Government favoured German membership in NATO with safeguards against unlimited German rearmament similar to those embodied in the EDC Treaty. As a second and less attractive alternative the United Kingdom Government had been exploring the possibility of a supernational organization along the lines of the EDC but looser in form in which the United Kingdom might also participate. Hoyer Millar explained that the United Kingdom Government had not, however, been able to arrive at any satisfactory formula for giving effect to the idea but that they would welcome any suggestions as to how this might be accomplished. Hoyer Millar also delivered a personal message from Churchill in which the United Kingdom Prime Minister suggested that Adenauer might consider a unilateral declaration by the Federal Government offering to restrict German forces to the level contemplated in the EDC Treaty.

3. The Chancellor appeared interested in and favourably impressed by the British proposals. He undertook to study them and to give his government's considered views on the question of German rearmament and on the problem of German sovereignty within the next few days. He was grateful he said at the evident care and thought which had gone into the British proposals. He indicated that German thinking had been along similar lines. Indeed he referred to a German plan which he said he hoped he would be in a position to discuss at the same time as he was able to comment upon the British suggestions.

326. DEA/50314-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 656 Paris, September 3, 1954

SECRET

Reference: Our telegram No. 651 of September 3.†
Repeat London No. 103; Washington No. 46.

NATO AND GERMAN RE-ARMAMENT; PROPOSED MINISTERIAL MEETING

Prior to the private session of the Council reported in our telegram, I was approached by Ed. Martin of the United States delegation, who asked for our views concerning (a) the site, and (b) the date, for the proposed Ministerial meeting. He explained that the State Department was considering the possibility of holding the meeting in the United States, and was thinking of the beginning of October as a likely date. I said I had no instructions on the question of a site but personally would consider a trans-Atlantic site a mistake as the task in hand was to obtain voluntary cooperation among the Europeans. On this count, and for convenience, I thought Paris or London might be more suitable. Martin said that he and the delegation here were disposed to agree with me that a trans-Atlantic site might be a mistake, but they were putting forward the idea of a meeting in Rome. He did not know how strong the feeling in Washington might be on the matter of crossing the ocean, but he thought no definite position had yet been taken.

2. As for the date, I outlined your position as given to the Council later, and reported in our telegram under reference.

3. Following the meeting I talked to Steel, who was concerned both about our statement and about the site for the meeting. He said that the negotiations must include the Benelux powers and Italy, whose foreign policies were so vitally dependent upon the whole EDC-German question. Hence a negotiating conference involving only Germany, the United Kingdom, the United States and France was out of the question. But if the group were expanded to include Canada it would be very difficult to reject the claims of Denmark and hence of Norway. Expansion to this degree would produce an impossible isolation of Greece, Iceland, Portugal and Turkey. This was the line of thought which had led to the United Kingdoms eight-power suggestion.

4. As for the site, Steel was strongly opposed to a trans-Atlantic city. He said he thought Rome would be the best choice, particularly as it would serve to buck up the Italians at a difficult time for them. London would be another possibility. I mentioned Athens, on the ground that the next chairman will be a Greek, but it has since occurred to me that this would undoubtedly give rise to undesirable speculation about Yugoslavia and might make life still more difficult for the Italians. I

gathered that Paris was regarded as unacceptable to the United States and in any case, it has occurred to me since that the choice of Paris as a site would probably create serious difficulties for Adenauer in obtaining acceptance in Germany of any solution which might emerge.

5. My own ideas about timing run along the following lines. To act as umbrella for an actual negotiating party, a Council meeting would have to take place too soon to permit the assembling of Ministers. Thus the initial Council examination should be at permanent representative level and could take place sometime next week — perhaps Wednesday or Thursday, September 8 or 9. It could be followed by the negotiating conference, whether as a NATO working party of governments or constituted in some other way, beginning a week or two later. The results of the conferences' labours could then be considered at a Ministerial meeting in the first half of October, at which time if fortune smiles, it might be possible to reach a formal decision on the solution of the German re-armament question.

6. An important factor in the choice of a date for the Ministerial meeting is that fact that Mendes-France term as Chairman of the NATO Council will end on September 18. Both the United Kingdom and the United States do not trust him sufficiently to wish him to occupy the chair during this proposed meeting.

7. A difficulty in all of this is the French position. During the recent debate Mendes-France made clear his view that German sovereignty, except in regard to re-armament, must be restored in the immediate future, and that shortly thereafter agreement must be found on a German re-armament plan. But he was compelled to agree that he would recall the Assembly to consider any new proposals on the German question. How far his parliamentary commitments might interfere with the timetable outlined above, I am unable to judge at present. Questions of timetable aside, it would still be rash to predict in any but the most speculative terms (see our letter No. 2484 of August 19) what sort of agreement France might accept.

8. I shall take up in another telegram the question of the actual solution to be sought for the substantive problem. In the meantime I should be grateful for your comments on the questions of site and date of the Ministerial meeting and on the timetable outlined in my paragraph 4 above.

327. DEA/50030-P-1-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 661 Paris, September 4, 1954

TOP SECRET. IMPORTANT.

Reference: Our telegram No. 656 of September 3.
Repeat London No. 105; Washington No. 47.

NATO AND GERMAN RE-ARMAMENT

Assuming that there is a NATO Council meeting at the Permanent Representative level within the next week or so to take up the German question, I think that we should put forward the formula for convoking under NATO auspices a working group of governments consisting of "countries signatory to E.D.C. or maintaining defence forces in Germany". The function of such a working group would be to seek an acceptable plan providing for the restoration of German sovereignty and the provision of a German contribution to the western defence programme, and to delineate the relationship between Germany and NATO under this plan through the preparation of some document such as a draft protocol to the North Atlantic Treaty.

Composition

2. In supporting the formula for the composition of the working group, I have had in mind the concern expressed in your telegram No. 1291 to London and related correspondence. It is certainly true that any solution which may emerge from the working group is likely to be somewhat fragile until it has become generally accepted through use. In these circumstances, any country not a member of the working group would have very little scope to suggest modifications at the time that the plan was put forward in a NATO Ministerial meeting, for fear of upsetting a delicately balanced applecart. On the other hand, it appears to me an over-riding consideration that the working group which will have a very difficult task indeed, should be so arranged as to give it every possible prospect of success. The consequences of failure in such a working group would be so critical that in my view only the most vital considerations should alter the formula for its composition from that most likely to lead to agreement. In spite of Steel's objections reported in my telegram No. 656 of September 3, I do not think we should refrain from seeking an expansion to a nine or ten power membership, but if our suggestion encounters serious opposition, I think we should not press it too hard.

Agenda

3. Despite the tendency on the part of the United Kingdom and the United States up to the present to deal with the German question in two stages (the first the restoration of sovereignty and the second the re-armament question), I consider that it would be preferable to place the two problems simultaneously before the proposed working group. There are such obvious connections between the two that it appears somewhat artificial to separate them. It is doubtful, moreover, as suggested in para 3 of Canada House's telegram No. 1299,† whether Adenauer would accept a two-phase programme. It has been suggested (see para 2 of Bonn telegram No. 236 of September 2)† that the Germans might be willing to accept the two-phase approach specifically for the reason that it would remove a French veto on German re-armament; for exactly the same reason, I suspect the French might be unwilling. Hoyer-Millar's approach to Adenauer (Canada House telegram No. 1072 of September 3) with a probable sounding of reactions to German admission to NATO, suggests that the United Kingdom may now have veered away from the two-stage approach.

4. If there is any prospect of agreement concerning these two major problems, there will inevitably be the question of preparing some operative document (such as a draft protocol) which would serve to make explicit the terms of the agreement.

Possible Terms of Agreement

5. The general line which it appears is likely to be followed by the United Kingdom is set out in the working paper reported in Canada House telegram No. 1038 of August 26. This paper is generally in accord with our own thinking here, and to a large extent serves to put in precise form the pattern broadly outlined in our letter No. 2484 of August 19 (see, for example, paragraphs 15, 16 and 19 of that letter). We find ourselves substantially in agreement with the points made in para 2 under sections (a),(b),(d),(e),(f),(g), and (h).

6. The suggestion in section (c) for a European arms pool is an interesting one. Such a plan might find some real support in France as there has been a body of French parliamentary opinion which for some time had promoted a scheme of this sort as an alternative to E.D.C. The general idea might serve to mitigate the hostility of the European integrationists. While it would not seriously impinge upon the sovereignty of any state concerned, it would strengthen the internal position of the United Kingdom Government in that it would provide for a commitment linking the European powers to which the United Kingdom would not have to be a party. This would meet in fairly innocuous form the separatist position which has had so much to do with Britain's refusal to join the E.D.C., and which may in some ways be regarded as the basic cause for the failure of the latter. On the other hand, if the United Kingdom pushes this suggestion too hard, it may merely infuriate those Europeans whose opposition to EDC has been based to a considerable extent on the haughty detachment which they have attributed to Great Britain in its attitude toward that treaty. On the whole, I would see no harm in the United Kingdom putting forward this suggestion, and then allowing the EDC signatories a free choice as to whether or not they should apply it.

5. Section (f) of the United Kingdom paper raises a rather delicate point. In the purely military sense, the maintenance of Canadian forces on the Continent can contribute very little to the security of Germany's neighbors. Nevertheless the political value of a commitment by Canada as well as the United States and the United Kingdom might be considerable, particularly in France. We do not know what the Canadian Government's position might be with regard to possible assurances on this point, as previous consideration of the matter has always related directly to the EDC. It has been easy enough for us to say we have no direct responsibility toward the EDC, but the position might be different with regard to a NATO-wide scheme for German re-armament.

6. Subject to the points raised in my two preceding paras, I believe that the United Kingdom paper represents a sound approach to the problem. I agree that admission of Germany to NATO is the best alternative to EDC, and that this can best be achieved through the negotiation of special terms of admission. For the most part, the terms proposed by the United Kingdom appear to me satisfactory, although it is clear that flexibility may be required in the course of the negotiations.

Action Required

7. I should be grateful to receive your instructions as soon as possible on the proposal in my first paragraph. We should also be glad to learn of the development of your thinking on the broader aspects of this problem, as indicated in para 4 of your letter No. S-482 of July 20.[57]

328. DEA/50314-40

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

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

TELEGRAM 1082 London, September 5, 1954

SECRET. IMMEDIATE.

Repeat CANAC Paris No. 73; Paris No. 116; Bonn No. 43.

NATO AND GERMAN REARMAMENT

Nye who is now back in Canada has been instructed to inform you of present state of United Kingdom thinking in the light of last week's diplomatic exchanges. They are now thinking of a nine power meeting in London in the week of September 13th and are so informing Washington, and the EDC signatories. *Inter alia* they are telling them that they see no reason why the eight power meeting originally envisaged should not be expanded into a nine power meeting by the invitation of Canada "as a country with substantial armed forces stationed in Germany". They do not think Denmark need be invited since her military contribution is insignificant and her presence would raise difficulties vis-à-vis Norway in particular.

2. They do not regard such a meeting as preventing the permanent NATO representatives from also considering these problems in restricted Council session beginning, if this is desired, next week. They do feel however that it would be a mistake to start with a full dress Ministerial meeting of NATO before there is some prospect of definite decisions in regard to German association with the west and to a German defence contribution. Moreover they attach over-riding importance to the fact that while Germany must be fully consulted from the earliest stage, it cannot yet be invited to a NATO Council meeting.

[57] Cette dépêche communique les documents 307 et 308 aux missions de Bruxelles, de Bonn, de Paris, de Washington, de Rome, de New York et de l'OTAN.
This dispatch refers Documents 307 and 308 to missions in Brussels, Bonn, Paris, Washington, Rome, New York and NATO.

329. DEA/50314-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 663 Paris, September 6, 1954

SECRET. IMMEDIATE.

Reference: Canada House telegram No. 1082 of September 5 and our telegram No. 661 of September 4.
Repeat London (Immediate) No. 106; Bonn (Routine) No. 16.

NATO AND GERMAN REARMAMENT

We believe that the plan now proposed by the United Kingdom is the best that can be obtained. The weakness in the suggestion made in our telegram under reference is that NATO cannot formally establish a working group to include Germany; hence the best that could be obtained at a meeting of the Permanent Council this week is a decision to "note with approval the proposal for a meeting" and ask the NATO powers concerned to keep the Council informed of developments.

It has occurred to us that if a nine-power meeting is called, as proposed by the United Kingdom, then Canada would be included by virtue of her special interest in the question and not through any mechanical formula. If we accept such a proposal we will by implication be accepting a significant measure of responsibility with regard to the results of the meeting. This would mean that we may be under considerable pressure to make some sort of guarantee in relation to an agreed solution. In other words, the question discussed in para 5 of our telegram under reference would become more important than if the ten-power formula for membership of the meeting were to be used. It does not appear, however, that the United Kingdom is prepared to extend the meeting beyond the nine-power limit.

330. DEA/50322-40

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

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

TELEGRAM 1321 Ottawa, September 7, 1954

SECRET. MOST IMMEDIATE.

Reference: London telegram No. 1082 of September 5 and our telegram to London No. 1297 of September 2.

Repeat Canac Paris No. 601 (Most Immediate); as (Immediate) to: Washington EX-1583; Paris No. 469; Brussels No. 108; The Hague No. 104; Rome No. 128; Lisbon No. 54; Athens No. 88; Ankara No. 68; Oslo No. 43; Copenhagen No. 36; Bonn No. 206.

GERMAN REARMAMENT AND NATO

Our preference for a NATO discussion of the problem of a German defence contribution is not incompatible with the United Kingdom plan to have an 8, 9, or 10-power meeting. In fact, both the NATO Council and a special conference in London could, we think, be seized of what is in essence the same problem, bearing in mind the point raised in the last sentence of paragraph 1 sub-paragraph 5 of our telegram 1297 of September 2, regarding German sovereignty. We should make sure however that the North Atlantic Council will not, repeat not, be used solely to ratify agreements already reached elsewhere. In this context the assurances given by the Foreign Office to the effect that "the (London) meeting would not be intended to make final decisions, but to reach agreement on lines on which experts should work with a view to a full meeting of NATO later" appear satisfactory. (para. 3 of CRO Telegram 891 of September 5).

2. We consider that a regular Council meeting on September 8 or 9 should be held to explore in a general way the question of possible German association with NATO and a German defence contribution. At this meeting we should reiterate our view that no decisions on these matters can be made outside NATO itself — and that any such meeting as that proposed for London is preliminary consultation only, and related to the necessity of bringing Germany into the discussions at once, something presumably that cannot be done at this moment through attendance at such a NATO meeting. Our role if we were invited to this London meeting would be influenced by the nature of discussions in Paris.

3. In the event the talks in London are primarily concerned with the problem of a German defence contribution or German admission to NATO, we shall be prepared to take an active part; on the other hand, if the meeting should be concerned with some form of a looser EDC arrangement which, according to information from Bonn (telegram No. 239 of September 3) also seems to be under consideration, we may then wish to decide to play a less active role in the discussions.

4. As far as the date of the proposed London meeting is concerned, we would see considerable merit in having the talks commence on the 15th or 16th, rather than the 13th or 14th. If such a slight postponement were possible, it would permit us to examine in greater detail the views of the other NATO members on the general question of a German defence contribution. In addition, it is possible that before the beginning of next week we may be in a position, after discussions in London and Washington, to bring a plan for armament control to the attention of other NATO members in the expectation that it might be examined by any working group which may be set up either by NATO or the London conference.

5. On the question of a full ministerial council meeting, we share the United Kingdom view that it should not be held in New York, but in Europe. The date need not

be set now since it will depend in a large measure on the progress made during the London conference.

6. (FOR CANADA HOUSE ONLY) I would be grateful if you could bring these views immediately to the attention of the Foreign Office.

7. (FOR CANAC ONLY) The above should serve as guidance for the Council meeting scheduled for the 8th or 9th. We are attempting to send you more detailed views on procedure — generally we are in agreement with those you have expressed in your recent messages.

9. (FOR ALL OTHER MISSIONS) For your information only repeat only.

331. DEA/50030-P-1-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 673 Paris, September 7, 1954

TOP SECRET. IMMEDIATE.

Reference: Our telegram No. 663 of September 6.
Repeat London No. 107.

NATO AND GERMAN REARMAMENT

At the request of the United States the private session of the Council on September 7 was preceded by a restricted formal session. The United States Government wished to propose that a Ministerial meeting of the Council should be convened as soon as possible after October 1, at any time and place which might be mutually agreed. If this proposal were acceptable the United States would suggest that the time and place be decided and announced as soon as possible. The United States had not as yet definite views on the agenda except that the prime purpose of the meeting would be to note and to give consideration to the serious situation created by the French Assembly's rejection of the E.D.C. plan.

2. Ultimately the Council reached agreement in principle on this proposal, but in the course of the discussion a great deal of attention was given to the proposed preliminary meeting to be attended by a number of NATO powers and by Germany. This matter was immediately raised by Portugal which appeared to object strongly to the apparent exclusion from this preliminary meeting of a number of NATO countries. Portugal was firmly supported by Norway which argued that the failure of the E.D.C. had caused the German problem to revert to NATO as a whole. The opposite position was taken by the Netherlands supported by Belgium and Italy. Greece (and perhaps surprisingly, Denmark) appeared to be neutral. The major powers did not intervene in this particular discussion, but undertook in each case to report the points raised to their governments.

3. While the tone remained friendly, the rival positions were so strongly held that a serious impasse appeared to threaten. Accordingly, we intervened in order to outline a procedure which we suggested might meet all views. We said we were sure that our government would favour a Ministerial meeting about October 1, and there appeared to be general agreement that this was desirable. We suggested that all could agree also that the most careful preparations for this meeting would be necessary, and that such preparations would include exploratory discussions with the Germans. Accordingly, we considered that the best course would be to hold a general discussion of the question in the Permanent Council in the near future, at which time those countries who would be participating in the talks with the Germans would outline the ideas with which they would enter those talks. All members of the Council would have the opportunity to put forward the general views of their governments on the entire problem, but obviously no decisions could be taken in the absence of adequate information concerning the German position. Having thus available the preliminary views of all NATO governments, as worked out in collective discussion, the powers most directly concerned would then conduct exploratory discussions with the Germans in order to determine the German position and try to see possible lines of solution. They would of course keep the Council completely informed throughout the talks with the Germans. Following such exploratory talks, there would take place the NATO Ministerial session at which possible alternative solutions could be discussed and a decision reached.

4. The programme which we suggested clearly commanded fairly general support at least to the extent that no one objected to it and that those countries who would be participating in the German discussions actively supported it. It was agreed that the matter should be discussed again at the Council meeting on Thursday morning (September 9) at which time it was hoped that a firm decision could be reached concerning the proposed Ministerial meeting. A number of governments (particularly the United States and Norway) were anxious that a place and an exact date for the Ministerial meeting could be decided and announced in the near future, but others (especially the Netherlands) while not disagreeing with the phrase "as soon as possible after October 1" considered that some flexibility concerning the date should be left to take account of possible developments at the preliminary meeting with the Germans. Van Vredenburch immediately pointed out that for housekeeping purposes the Secretariat would need to know a fairly exact date as soon as possible.

5. In concluding the discussion and summing up the tentative agreement obtained on the points outlined above, Ismay announced that Mendes-France would take the chair at the meeting on September 9, and would briefly address the Council at that time. He would not be able to remain throughout the duration of the Council's business session.

332. DEA/50115-J-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 675 Paris, September 7, 1954

SECRET. IMMEDIATE.

Reference: Your telegram No. 601 of September 7.
Repeat London No. 109.

NATO AND GERMAN RE-ARMAMENT

1. Your paragraph 7 appears to assume that arrangements have already been made for discussion of the German question during this week by the Permanent Council. As you will note from our telegram No. 673, no such decision has been taken although all or almost all members of the Council appear favourably disposed to such a plan. At the session this morning, in suggesting a possible time-table (see paragraph 3 of our telegram No. 673), I mentioned that the country sponsoring the limited meeting with the Germans might wish to take the lead in arranging such a discussion in the Permanent Council. In the absence of Steel his alternate did not take this up, however, and thus no definite proposal has yet been made.

2. Some at least of the Council members no doubt expect us to make such a proposal, as a logical consequence of our démarche reported in your telegram No. 593 of September 2. We have not wished to do so without your instructions, however, as such action would commit us to a leading role in the discussion. While such a role would not be in conflict with the instructions in your telegram No. 601, it would tend to commit us at a later stage to a fairly active part in the subsequent talks in London. All of this relates to the point made in paragraph 2 of our telegram No. 663 of September 6.

3. Please let us know, therefore, if you wish us formally to request a Council discussion of the German question. Such a discussion should take place prior to the London talks, which we believe are likely to begin not earlier than September 14 and not later than September 16. As delegations will undoubtedly wish for a few days to obtain instructions, the date would appear to be in the range September 11 to 13. We would favour September 11, in order to allow the results of the discussion to be taken into consideration by governments in preparing for the London talks.

4. On the whole we think it would be desirable for the United Kingdom to ask for the discussion rather than ourselves. This could no doubt be suggested either to the Foreign Office or the delegation here. In any case, whatever action you may wish to take should be taken rapidly in view of the timing considerations mentioned in our previous paragraph.

5. In any case, we would hope to receive prior to such a discussion somewhat more comprehensive instructions than are given in your telegram No. 601. As this will be the only NATO discussion prior to the London talks, from which the final solution (if any) will in all probability emerge, and as we have played a leading role in demanding the discussion, we will be under a considerable obligation to express a view as to the kind of solution which should be sought in London. My own views have been set out in our letter No. 2484 of August 19 and in our telegram No. 661 of September 4. Although we have made several requests, we have not yet received the further elaboration promised in paragraph 4 of your letter No. S-482 of July 20.† I would not wish to enter a discussion such as that envisaged in paragraph 2 of your telegram No. 601 without a fuller account of your current views than that given in paragraphs 3 and 4 of the same telegram on the final solution to be sought.

333. DEA/50322-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1592 Ottawa, September 8, 1954

SECRET. IMMEDIATE.

Reference: Our EX-1581 of September 4, 1954.†
Repeat London No. 1328 (Immediate); CANAC Paris No. 607; The Hague No. 105; Brussels No. 110; Bonn No. 210; Paris No. 475.

NATO, EDC AND GERMAN REARMAMENT

The plan set out in our memorandum for the Minister of July 16 has now been modified somewhat. Having these modifications in mind, you should discuss it with the State Department (for London substitute "Foreign Office") at your earliest opportunity stressing that it is not designed to limit armament but to control it and that a system along the lines we propose could work in both directions (either to limit or to maintain existing levels) according to individual circumstances. The modified version in the form of a memorandum for the Minister outlining our approach in detail is going forward by today's bag. In the meantime we are setting out in this message its salient points which you may regard as your instructions in presenting our views to the State Department (for London substitute "Foreign Office").

2. The main considerations outlined in our memorandum of July 16 (especially paragraph 4 and 5 and Annex A) are in our view still applicable in the light of recent developments. We firmly believe that the best solution to the twin problems of German sovereignty and a German defence contribution which offers some prospect of permanency is one involving the admission of a sovereign Germany to NATO after there has been instituted in NATO as a whole a system of armament control adequate to safeguard against a resurgence of German militarism. Any

restrictions on German sovereignty retained as a condition on Germany's admission to NATO are unlikely to last for long and the strains among member countries which their removal would create might disintegrate the Alliance. Whatever controls on German rearmament we consider essential should be so established that they appear non-discriminatory, or as nearly so as possible.

3. In the circumstances, I suggest that in your presentation of this plan you should use as a basis the Departmental memorandum for the Minister of July 16 incorporating the idea that this plan should be viewed as a series of variants which might be arranged, in the order of their scope, as follows:

Variant A: Inspection and control of *all* armed forces and *all* armaments (both conventional and atomic) on *all* NATO countries;

B: Inspection and control or armed forces and armaments actually assigned to NATO Commanders;

C: Inspection and control of armed forces and conventional armaments only in all NATO countries;

D: Inspection and control of all armed forces and armaments on the Continent of Europe;

E: Inspection and control of all armed forces and armaments in the EDC countries.

4. Since Variant A, although ideally the best, is we believe, unacceptable at the present time, it could be discarded from the outset. The last two variants involve such a measure of discrimination that they hardly meet our requirements for a reasonably permanent solution.

5. Variant B in our view is by far the best solution, particularly if it were combined with a solemn undertaking by Germany that she would devote the whole of her defence effort to NATO. This would ensure that all German armed forces and armaments were subject to NATO supervision while leaving the most sensitive areas of the United States and United Kingdom armament (the strategic air forces and the strategic reserves) and certain French forces outside its scope.

6. This type of undertaking would be a natural corollary to a pledge by the German Government that they will renounce force as a means of reuniting Germany or recovering the lost territories. Twin undertakings of this nature by Germany could be represented not as discrimination against Germany but merely as recognition of the key position of Germany between the Soviet Empire and the Western Powers and the necessity of insuring that this position will not be exploited to threaten either side. An alternative and possibly preferable form of undertaking by Germany might be that envisaged under the United Kingdom plan (para. (d), London telegram 1038 of August 26).

7. Variant C would be less satisfactory in that it would leave beyond NATO control German atomic development for military purposes (unless, of course, Germany renounces its right to produce atomic energy). This may not be a problem at present or for the immediate future but it is almost certain to become an important factor in a matter of a few years. Moreover, an undertaking not to enter the atomic energy field is likely before long to be regarded by the Germans as a far more humiliating

limitation on their sovereignty than an undertaking to assign all their forces and armaments to NATO.

8. Accordingly, I would be grateful if you could bring these views to the attention of the State Department (for London substitute "Foreign Office") at your earliest opportunity explaining

(a) that these views are submitted with the full support of the Minister;

(b) that they are not yet Canadian Government views;

(c) that if after further study it appears desirable, we will put them forward at whatever NATO Council meeting is convened for the purpose of discussing the problem of a German defence contribution;

(d) that we would be disturbed at both the United States and United Kingdom going ahead with plans to restore German sovereignty before NATO has had an opportunity to consider seriously proposals for dealing with the problem of a German defence contribution (although we recognize their exclusive responsibility in this matter).

Please let us know as soon as possible the initial reaction of the State Department (for London substitute "Foreign Office"). For the time being, the plan is being submitted only to London and Washington.

334. DEA/50322-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1603 Ottawa, September 8, 1954

SECRET. IMMEDIATE.

Reference: CANAC Telegram No. 675 of September 7.
Repeat CANAC Paris No. 612 (Immediate); London No. 1343 (Immediate); Paris No. 477; Brussels No. 111; The Hague No. 107; Rome No. 129; Lisbon No. 56; Athens No. 90; Ankara No. 69; Oslo No. 44; Copenhagen No. 37; Bonn No. 214.

NATO AND GERMAN REARMAMENT

We are glad that your efforts to avoid a serious impasse during the preliminary discussions in the Council on this subject have been successful and we are deeply indebted to you for keeping us so fully informed.

2. We have purposely avoided any definite instructions to you concerning Canadian initiative with respect to a Council discussion on a German defence contribution pending some indication of the reaction of other NATO members to the approach made by our Missions (circular telegram of September 2 addressed to you as No. 593). We felt that an examination of the reactions to our approach and of your reports on preliminary Council discussions would be necessary before decid-

ing on a course of action, particularly since it seemed possible that one of the other NATO members might, of its own accord, choose to take the initiative.

3. There are at the moment four main considerations which are influencing our thinking:

(a) Most important is that the problem of a German defence contribution should be recognized as being primary responsibility of NATO; the first step in its solution should, therefore, be consideration in the North Atlantic Council (Permanent Representatives).

(b) There would be no objection to later consideration in a more restricted meeting, but it should be preliminary and purely consultative in character, should be under NATO auspices and the NATO powers not represented should agree generally to holding it.

(c) Sufficient time should be allowed before initial consideration in the North Atlantic Council at Ministerial level, so that the considered views of all concerned can be expressed.

(d) We would not wish of course failure to hold a restricted meeting in London to be interpreted as a diplomatic setback for the United Kingdom.

4. Possibly the best way to deal with those consideration would be for the United Kingdom to take the initiative in placing the question of a German defence contribution on the conference agenda. Such action would, in our view, serve to reemphasize and clarify their support of the principle involved (i.e., that a German defence contribution is essentially a NATO problem) and at the same time serve to pacify those members (e.g., Norway and Portugal) who have been opposed to the idea of a London meeting. In addition United Kingdom initiative in bringing this question before the NATO Council could place a London conference (if it materialized) in proper perspective in the sense that the United Kingdom might explain that a meeting in London would only work out the broad lines of any solution and that the final decision would be the responsibility of NATO. It would be preferable if we ourselves could avoid taking the further initiative of placing this matter on the Council agenda, particularly since we have already taken steps to make our views known on the question of the principle involved.

5. A recent report from London (telegram 1105 of September 8) suggests that Chancellor Adenauer seems to be veering towards the position that the whole question should be handled by the North Atlantic Council without direct German participation, and that he is in favour of avoiding any precipitate action by the Council in order to avoid another Brussels fiasco. On the basis of this German reaction and the lukewarm reception in Washington to the Foreign Office proposal for a London meeting, it seems more and more evident that the London meeting will be either postponed or abandoned. In the circumstances the United Kingdom may be favourably disposed towards any suggestion by us that they take the initiative in raising the question of a German defence contribution in the Council. If you agree, I suggest therefore that you should make an approach to your United Kingdom colleague, and we shall at the same time inform the Foreign Office and the State Department of our action. You should we think mention to Steel that if and when the Council meeting is held we would be prepared to steer the discussion in the

direction of our earlier proposal that NATO should sponsor or at least approve the idea that some of its members (preferably the three Occupying Powers) should discuss the question of a German defence contribution with Chancellor Adenauer. You will, of course, make it clear that our main concern is to have a full and frank discussion in the Council at some mutually convenient date which will allow all NATO governments adequate time to prepare instructions for their members on the Council.

6. You should therefore speak to Steel along these lines. In the event that the United Kingdom is not inclined to take the initiative, it is possible that the Secretary-General, Lord Ismay, might place the subject on the agenda, particularly when the Council, in effect, has already been seized of the problem. If the Secretary-General should not see fit to take such action it is possible that the Norwegians might either choose or be persuaded to raise the issue. As a last resort you should do it yourself.

7. In your discussions with your U.S. colleague you may assume that Washington is aware of our views expressed in our telegrams of September 2 and 7.

8. In tomorrow's discussion, you may wish to use appropriate excerpts from the Minister's speech at Toronto yesterday (our telegram to you No. 603 of September 7).

9. London. Please speak along same lines to Foreign Office.

10. Washington. You may use above information at your discretion in speaking to State Department.

11. Other Missions. For information only.

335. L.B.P./Vol. 46

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

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

TELEGRAM 1131 London, September 10, 1954

SECRET & PERSONAL. IMMEDIATE.

Following for the Minister from Robertson, Begins: I saw the Foreign Secretary this morning, who gave me, for your private information, an outline of the ideas he will take with him on his consultations with the EDC countries. He was not sending any papers before him to any of the capitals he planned to visit. He did not propose to give any press conferences before his return to London on Thursday next, nor did he expect to have any opportunity of seeing any Commonwealth or allied diplomatic representatives during his round of consultations with the several host countries. If you wanted to get anything to him during the next week, he thought this could be most quickly and easily arranged through the Foreign Office.

2. He was hopeful that before his departure he could get the Prime Minister's consent to the United Kingdom stepping up the forces formally and permanently

committed to SACEUR from the one division promised during the negotiations that were hoped to prepare the way for the ratification of EDC to say, three divisions. Churchill is still reluctant to agree to the United Kingdom assuming an obligation in Europe which would have no exact American counterpart, but Eden was trying to persuade him that such an undertaking by the United Kingdom would not only make it easier for the European allies to accept Germany as a NATO partner, but would strengthen the prospects of continued American cooperation in European defence. He thought that if he could get the Prime Minister's approval to such an offer, the rest of the Cabinet would quickly concur.

3. He attaches a good deal of political importance to the suggestion that the Brussels Treaty might be revised to permit of the entry of Germany and Italy. He will try this out in the first instance in Brussels. If the Benelux countries do not like it, he will not pursue it further. If they do, he does not think that Mendes-France is likely to oppose it. The Italians are expected to welcome it and the Germans have already, in a quite different context, made some enquiries as to how they could share in the social and cultural programmes, interchange of educational opportunities etc., which the Brussels Treaty countries have worked out between them under its auspices.

4. He showed me a message he had received yesterday from Dulles.[58] It was very frank and forthcoming in explaining the difficulty he would have in coming to Europe at this moment, but ended up with an offer to try to come to London the week-end of the 18-20th to discuss the situation with Eden and Adenauer and "perhaps Mendes-France" if Eden thought that consultation at this stage would be helpful. Eden feels strongly that Mendes-France should be included in any such meeting, if it materializes, and has told Dulles that he will send him further word from Bonn if, after his talks with Adenauer, he feels that a preliminary meeting between Germany and the occupying powers is desirable at this time. Eden is still thinking in terms of a nine power meeting rather than a smaller one, and would not like to start discussions without Benelux or Italy. He seemed particularly concerned about the internal political effects of the omission of Italy from any group of countries to be consulted, perhaps particularly because the problems of Trieste were also on his desk this morning, with the Italians and the Yugoslavs still deadlocked over about two square kilometers of territory across the harbour from Trieste.

5. Eden had not yet had a chance to go over the papers we left with Frank Roberts last night, but he had remembered his conversation with you on this subject in Ottawa in July, and said the United Kingdom would be extremely interested in studying how you had developed the idea of an armaments control built into NATO. He anticipated that difficulties would be made by the United States and probably by his own military advisers, but he thought that even if its application had to be worked out first among the European members of NATO, it might simplify the job of getting Germany in.

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[58] Voir/See United States, Department of State, *Foreign Relations of the United States (FRUS) 1952-1954, Volume V*, Washington, D.C.: Government Printing Office, 1983, pp. 1155-1156.

6. Eden asked me how worried we were about developments in the Formosan situation. He did not like the look of things very much and felt this was no time for the rather light-hearted skirmishing that had been going on over Quemoy. I tried out on him something of the line of argument in my letter to you, which he seemed to find quite congenial. Ends.

336. DEA/50115-J-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 682 Paris, September 10, 1954

SECRET. IMMEDIATE.

Reference: Your telegram No. 612 of September 9.
Repeat London No. 111 (Immediate); Washington No. 49. Copies sent by bag to all other NATO capitals.

NATO AND GERMAN REARMAMENT

In the Council meeting of September 9 (our telegram No. 681 of September 10),† there was renewed controversy (our telegram No. 673 of September 7) concerning the procedure to be followed in negotiating a solution to the problem created by the French Assembly's rejection of EDC. There was general agreement that this was a NATO problem, to be resolved if possible by a Ministerial meeting early in October and to be discussed in substance in the immediate future by the NATO Permanent Council. But beyond that there was no full meeting of minds.

2. It was generally accepted that speed was essential, and also (Ismay pointed out that these two desiderata were in conflict) that careful preparation for the Ministerial meeting was imperative. Obviously, such preparation involved exploratory conversations with the Germans, but agreement was lacking on how and by whom these talks should be conducted.

3. The heart of the opposition was Norway and Portugal. The former argued that all NATO members were equally interested in obtaining an acceptable means whereby Germany could participate in western defence arrangements, and that therefore all should engage in the exploratory talks with the Germans. Portugal, on the other hand, while agreeing with Norway that no country's interest could be overlooked, was prepared to leave the exploratory talks to the occupying powers. This suggestion, which was supported by reference to the Canadian démarche (your telegram No. 593 of September 2, paragraph 1(5)), was vigorously rejected by Belgium, the Netherlands (supported by the United States) and by Norway as well, none of whom could accept the concept of a "political standing group". (The Netherlands afterwards expressed annoyance concerning our démarche as having

encouraged Norway and Portugal in their demands for participation by all, or none, of the countries not having occupation rights in Germany.)

4. I understand that in the course of the day Robertson intervened again in London to ensure that Steel would take the initiative in settling this problem. He strongly supported the case for an intermediate stage (between Permanent Representative exchange of views and the Ministerial meeting) consisting of a restricted but broadly based group which would explore possibilities with the Germans. He explained that such discussions would involve (a) renegotiation *au fond* of arrangements to cover foreign forces in Germany and (b) safeguards on German rearmament. He argued that the membership should logically be (a) countries who would have forces in Germany (which would not include Denmark after a German defence contribution) and (b) those neighbours of Germany who were prepared to make sacrifices to ensure that her rearmament would be subject to effective control.

5. Steel also agreed that the United Kingdom would be willing throughout such negotiations to keep NATO informed of developments and would welcome the expression of views by all other countries concerned (whether directly or indirectly) on the issues involved. He finally suggested that an initial general discussion should take place on Monday, September 13, but it was not clear whether he was forced into this or was acting on instructions.

6. In my intervention, I (a) supported Steel, the Netherlands and Belgium on the general issues and on the procedure which appeared most realistic; (b) re-iterated the need for a group smaller than NATO's total which should hold exploratory talks with the Germans; (c) asserted our view that all developments should be reported to the Council as they occurred and should be discussed there so that NATO views would at all stages be available to all concerned; (d) made the distinction between "interest" and "responsibilities" relating to Germany and tied the latter to the maintenance of forces and to the EDC; (e) referred to the special responsibilities concerning German sovereignty of the occupying powers and, thus, explained our reference (see paragraph 3 above) to them.

7. I supported the United Kingdom suggestion for an early discussion of the substantive issues involved and (referring to your September 7 speech) outlined our preliminary views. I spoke of the dual requirements of speed and the avoidance of another failure, pointing out that we had something closer to four weeks than to the four years which had elapsed since the first Council discussion of German rearmament. The EDC had been bold and imaginative — perhaps too much so — and had had as primary objects: (1) the furtherance of European integration; (2) a Franco-German rapprochement; and (3) a German defence contribution. Its failure had seriously retarded (1), but we must now in caution ensure rapid progress on (2) and (3). This could be best accomplished through German admission to NATO under suitable safeguards, as the alternative of including Germany in a looser European defence association which the United Kingdom might possibly join would involve unduly protracted negotiations. We would hope that this would assist in further steps toward European integration and, in the meantime, it offered the course which would ensure our minimum immediate objectives.

8. After further inconclusive discussion, it was agreed that a meeting would be held about the middle of next week to examine the substance of the problem involved in obtaining a German defence contribution. It was hoped that Permanent Representatives would by that time be prepared to give as full an indication as possible of their government's views. We believe that such a discussion may take place on September 14 or 15, and in a separate telegram are discussing the line which we might take.

337. DEA/50322-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 686 Paris, September 10, 1954

TOP SECRET. IMPORTANT.

Reference: Our telegram No. 682 of September 10.
Repeat London No. 113.

NATO AND GERMAN REARMAMENT

After a good deal of wavering and confusion on procedural aspects, we believe that the Council's decision reported in our telegram to hold a full-scale discussion about the middle of next week on the problem of obtaining a German defence contribution is completely in accord with your wishes. We also believe that the developments which have led up to this decision impose on us a considerable obligation to participate constructively in that discussion.

2. Our initiative in formally requesting in all NATO capitals that the problem should be handled directly by NATO has certainly contributed to the controversy over the proposed nine-power meeting. Whether or not that meeting takes place (and Eden's intended tour of EDC capitals now makes it somewhat unlikely) and whether or not Canada takes part in it, we believe that we should do all that we can to make the discussion in the Council a real and fruitful one. This follows both from our démarche to NATO capitals and from our consistent policy that the NATO Council should be used as the regular forum for exchanging views and seeking solutions on major political problems of this type. The case will be all the stronger if the plan for a nine-power meeting should be dropped.

3. In our statement on September 9 (see our telegram No. 682 of September 10, paragraph 7) we outlined preliminary Canadian views as expressed in your speech of September 7.[59] Nevertheless these preliminary views, and the similar indication of United Kingdom thinking provided by Steel, related to general principles. In themselves, such principles are certainly important, if only because there has as yet

[59] Voir/See Canada, Department of External Affairs, *Statements and Speeches*, 1954, No. 39.

been given to the Council no indication of whether or not such principles are acceptable to the French Government. On this matter of general principles, we have adequate guidance for the discussion next week, and would hope that other delegations may by then be in a position to express their own governments' views on these points.

4. It seems clear, however, that the Council will have to concern itself with more than guiding principles. Steel indicated in the Council on September 9, for example, that the United Kingdom would be particularly interested in the views of other NATO countries on "safeguards". It was pointed out by Norway, Portugal, and Greece that while they would certainly wish to exchange views upon principles, they were also vitally interested in the means which might be chosen for implementing the principles.[60] In other words, they were quite ready to accept the idea that controls of German rearmament would be required and guarantee would have to be given. The essential question was "what controls and what guarantees?" If consideration of these questions was to be left to a small group engaged in consultations with the Germans until a final stage when fairly complete agreement had been reached, then the theory that NATO collectively would take the decisions would be seriously compromised.[61]

5. We have observed recently in the press indications that the general lines of your proposal (discussed in your telegram No. 607 of September 8) are being taken up, although these references have remained general and have not attributed the idea to any particular source. In the light of the considerations set out above, we suggest that it would be valuable for us to give some indication of Canadian views on these aspects of the problem at the discussion next week. At this relatively early stage we do not believe that these views should be presented as a "plan" but rather as a line of thought which might contribute to a solution and which deserves further exploration. If you agree, you will no doubt wish to send us more precise instructions, but we would imagine that a statement on this subject should be based on the original memorandum for the Minister of July 16, taking full account of the modification (outlined in your telegram No. 607) of which we expect to receive a fuller indication in the new memorandum being sent to us by bag.

6. As you will realize from our views on this subject, as given in previous correspondence, we fully support the modifications that have been introduced since the preparation of the July 16 memorandum. In particular, we agree with the views in paragraph 5 of your telegram No. 607. We might point out that the undertaking suggested in the first sentence of paragraph 6 can very easily be presented as non-discriminatory in that it is a particular application of a general undertaking made by all countries who have acceded to the Charter of the United Nations.

7. It may be possible in the next few days to develop somewhat more detailed thoughts on this subject, but in the meantime, we would be grateful for an early

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[60] Note marginale :/Marginal note:
Yes — but not until we get some agreement on such principles. L.B. P[earson]

[61] Note marginale :/Marginal note:
Even more essential is to find out whether the French will accept German membership in NATO if controls can be agreed on. [L.B. Pearson]

indication of your thinking on our strong recommendation to make our statement in the Council next week as frank and forthcoming as possible.

338. DEA/50314-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 693 Paris, September 13, 1954

SECRET. IMPORTANT.

Reference: Your letter No. D572 of September 7† and our telegram No. 688 of September 11.†
Repeat London No. 115 (Important); Bonn No. 19; Washington No. 51.

NATO AND GERMAN REARMAMENT

We have studied with interest the memorandum of September 3 on NATO and German rearmament. It appears to us considerably more realistic than the memorandum of July 16, and we believe that its general points are likely to command a good deal of support. We appreciate the new emphasis on "control" rather than "limitation", which has led us to look beyond the general principles and consider more fully (see below) the practical issues involved in the matter of inspection.

2. We consider it particularly important that the armament control concept has now been linked specifically with the admission of Germany to NATO. We have already argued that such admission would provide by far the most satisfactory answer to the need for rapid action in the present political crisis. To the extent that the armament control concept would facilitate the admission of Germany to NATO, it is certainly desirable; but we still believe that, in itself, this concept would carry with it certain risks for the organization as the West's principal agency for organizing military defence. We do not disagree with the view that there might be restored "a positive purpose to the alliance by obtaining willing German participation in the Atlantic Community, binding the alliance more closely together and providing it with a flexible machinery capable of facilitating future NATO defence planning, whatever direction it might take". We agree that such developments "would increase popular support for NATO rather than the contrary", but we believe that these desirable results (if they can be attained), will follow from the integration of Germany in the Atlantic Community in a manner satisfactory to all concerned, rather than from the acceptance by NATO of a concept which might be in conflict with the organization's primary purposes. In other words, the concept should be regarded as a means of obtaining the admission of Germany to NATO, and the end to be sought is really the effective integration of Germany into the North Atlantic Community.

3. If this end is to be attained, it appears to us that that community will have to become a significantly closer and more coherent entity than it has hitherto been. The armament control idea could undoubtedly contribute to such a development. It should be considered, however, that to the extent that it has this effect, the armament control scheme would have important implications for Canada. If we assume that variant B (paragraphs 12 and 13 of the memorandum of September 3) is ultimately accepted, it will mean that we must define those forces in Canada which fall within its scope. It has been our consistent position, and one publicly stated, that the entire Canadian defence programme, with the exception of Korea, is a part of the NATO programme as a whole. We could scarcely advocate an armament control scheme of the type proposed as an element in the development of a closer and more coherent Atlantic Community, and at the same time withhold from the operation of the scheme all Canadian forces not at present assigned to NATO commanders. Indeed the same problem will arise in more complex form in the Untied States if the armament control scheme is accepted by that country, and it may be necessary to give immediate consideration to the possibility of replacing the present Canada-United States Regional Planning Group by a corresponding NATO Supreme Command to which at least the majority of forces for the defence of North America could be assigned.

4. It appears to us that if Canada is to suggest this plan, we will have to accept the principle of NATO inspection of at least some elements in the defence programme within Canada. It is not clear what machinery would be established for carrying out such inspections, but we imagine that the armed services of the Standing Group powers would insist on the inspections being made by military authorities, presumably by the Supreme Commanders. (This would make it almost inevitable that some sort of North American Supreme Command be established). On the whole we would consider inspection by the Supreme Commanders, a natural development, as they are already formally responsible for the most significant elements in the military content of the NATO Annual Review. Such an approach would tie in with what is apparently the Dutch view, that the authority of SACEUR should be enhanced as one of the means of controlling a German rearmament programme. (See paragraph 3(e) of telegram No. 107 of September 10th from The Hague).†

5. There is considerable press speculation concerning the possibility of revising the Brussels Treaty so as to include Germany and Italy, and at the same time make provision by that means for the integration of Germany into the Western Defence Programme. Obviously this is a matter to be finally decided among the seven countries concerned, but if it is proposed as an alternative to German admission to NATO, then we believe that it should be discouraged. Such a plan would involve protracted negotiations, at least if it were to define with any precision the military relationship of Germany to NATO. At the same time it would tend to offset, against the goal of incorporating Germany in the broadest sense within an Atlantic Community, an emphasis upon the consolidation of purely European links. Such a consolidation is not in itself undesirable, but if it were put forward as an immediate objective in such a way as to impede or delay the broader and more important goal, then it would surely be a mistake. In order to prevent this, we believe that Canada should be prepared to make every possible concession which could help to

strengthen a genuine Atlantic Community. Such concessions, on lines indicated above and in fields other than the military as well, would in reality mean accepting a concept of NATO as having a certain supranational content (if not form) which it does not at present possess.

6. We would hope if possible to receive your preliminary views, and your estimate of the reactions of other departments, prior to the meeting with Eden on Thursday morning. The questions raised above have a bearing on our recommendation (our telegram No. 686 of September 10) that we put forward in the Council, an outline of the position given in your telegram No. 607 of September 8, and the memorandum of September 3.

339. DEA/50314-40

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

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

TELEGRAM 1143 London, September 14, 1954

SECRET. IMMEDIATE.

GERMAN REARMAMENT

Following is text of Mr. Eden's first report to Foreign Office on his talks with Adenauer, Begins: Dr. Adenauer began the afternoon meeting with a long and not uncritical summary of German historical developments from 1848 to 1939 to explain without excusing German failure to build up a firm and democratic structure hitherto. This was now the task of the Federal Government. Fortunately, Nazi ideas had for all practical purposes disappeared. Germany was however placed geographically between the East and the West and the division of the country encouraged honest as well as dishonest Germans to look East. The European idea, which had a great appeal to German youth, remained the only certain way to confirm German association with the West and to strengthen German democracy. His own authority, and that of his government, was still strong, but it had suffered from the French Assembly decision, and there were difficulties with all the German political parties, each of which, including the Socialists, had definite nationalist tendencies. Germany's economic prosperity made for stability but even this was not as solid as the outside world thought, and it would not resist a slump as well as the economy of other countries with a stronger capital structure. Our joint European problems should be considered against this background, since the consequences for Europe as well as for Germany would be disastrous if Germany fell within the Soviet orbit either directly or gradually via neutralization.

2. The Chancellor said he would not waste any words on the Brussels six-power conference or the French decision. It was no use now trying to revive the E.D.C., or something like it, although such a community might be possible later on. The entry of Germany into NATO was the right solution. Insofar as this meant a German

national army, he was prepared to accept self-imposed limitations and would also be prepared to put this army into an integrated army, if this became possible later. The German goal remained some European organization, and Germany was as anxious as France that the United Kingdom should be associated with it.

3. Any such solution presupposed the end of the occupation régime. He preferred to avoid the phrase "the restoration of sovereignty", since few countries now had absolute sovereignty. If the occupation powers could renounce their occupation rights unilaterally, there would be no need for parliamentary ratification and this should be helpful in France. He agreed of course that the three powers must retain their special position in regard to Berlin and reunification and agreements to replace the forces convention would be needed.

4. The Chancellor attached the greatest importance to maintaining the United Kingdom automatic assistance to the E.D.C. and vice versa, which was not part of the NATO Treaty. He hoped that, as soon as agreement had been reached in principle between all the powers concerned, the Federal Republic could begin preparatory work on building barracks and factories for making only that material which had been allowed under the E.D.C. Treaty. He hoped that Germany could then send specialists etc. to the United Kingdom and the United States for training. There was need for speed as the German personnel concerned were becoming frustrated after such long delays and many were returning to private life.

5. The Chancellor then turned to his ideas of safeguards. One of his main reasons for preferring the NATO solution at this stage was that SHAPE could ensure that all the NATO countries did as much as they should but that no one did more. There was always the danger that France would refuse (he was sure that the other thirteen NATO countries would agree) and this possibility would have to be borne in mind. But he thought that our idea of using and expanding the existing Brussels Treaty Organization should be a great help with the French. Before he had known of this he had been thinking rather of a new grouping within NATO within which he could meet the Prime Minister's suggestion for self-limitation. Such limitations which could be on the same scale as in E.D.C. would cover German effectives and the equipment with which they would be provided. Germany would agree to call up and train forces only within the E.D.C. limits, but such troops must be provided with their initial equipment, without prejudice to later agreements on German equipment and arms production, and the control of all this presumably through NATO. I told the Chancellor that, once agreement had been reached on a German defence contribution, German troops in the line beside our own must of course receive the same equipment. The Chancellor was visibly pleased by this as the Chancellor then turned to the idea of exchanging assurances within a smaller European grouping of NATO countries bound by assurances of automatic aid, and also having means of political consultation among themselves. German military experts thought that Denmark might be added to the six E.D.C. countries and the United Kingdom. The Chancellor would be prepared to consider a joint general staff for these countries in order to meet the general fear of German general staff. All this would of course be part of NATO. In addition the Chancellor would expect the various E.D.C. safeguards for Germany to be reaffirmed, e.g. the three power dec-

laration of May 1952 and the United Kingdom and United States assurances of April last.

6. The Chancellor then said that he now thought that all this could be done much better through our plans of German entry into NATO on the one hand, and the expansion of the Brussels Treaty to include Germany and Italy on the other.

7. I thanked the Chancellor for his picture of the German scene, and said we thought there were two problems before us: First a closer German political association with the west; and second, the German defence contribution. We thought the first even more important than the second. Adenauer (group undecypherable? agreed). I explained our difficulties with Adenauer [who] fully understood about joining any supra-national organization, and explained why we hoped the Brussels Treaty proposal would help to solve our problems. This proposal met two conditions to which the Chancellor had attached importance: Automatic assurances and standing political consultation. We could consider whether Denmark and Norway would also like to join. I thought the position in Italy was also most important and hoped that our proposal would help the Italian Government in their internal difficulties. All three Benelux Governments had welcomed our ideas and authorized me so to inform the Chancellor. They had made certain additional suggestions which we would consider sympathetically, and which seemed in line with the Chancellor's own ideas for providing certain safeguards and assurances to NATO from the individual members of the expanded Brussels group, provided always that the system is a NATO system operated through SACEUR, SHAPE and the NATO machinery. This might help us to get over probable difficulties which would otherwise arise for the Americans.

8. I then discussed the problem of ending the occupation régime. We were not far apart in our general objectives although there were some difficult legal problems which I was confident could be overcome. Apart from Berlin and reunification the forces agreement was important not only to us but for the Pentagon whose attitude to stationing American troops in Europe was now uncertain. The finance question was also serious for us. We agreed that United Kingdom and German officials should discuss this and the question of safeguards more fully after dinner tonight.

9. I then explained our anxieties about the growth of a new isolationism in the United States. The Chancellor said that he shared these anxieties, and he welcomed my intention to bring home the dangers to the French in Paris. I said that we would do our best to persuade the Americans that there was now a serious plan for an early solution of our European problems, and I hoped Adenauer would do the same, e.g. when he saw Mr. Murphy on Tuesday.

10. Adenauer and Blank then reverted to the question of preparatory work on barracks, etc which would not be of direct military significance, but they agreed with my suggestion what we should first try to get agreement in principle and should not risk causing further trouble with the French by raising these issues within the next few weeks. Meanwhile they said that the Germans could discuss their practical problems with the United Kingdom and United States experts.

11. I then asked Adenauer about our programme. He said that the more he thought over our plans the happier he was. He thought the French would agree since the

important points for most Frenchmen were that the British should participate on a footing of equality with them and that France should not be left alone with Germany. He also thought that Mendes-France would personally welcome our plan as the only way out of his parliamentary difficulties, and because it would enable him to turn to the economic problems which primarily interested him. He was sure that our ideas would also be welcomed in Italy and in America. He now favoured the proposed London conference of the nine as soon as possible after I had completed my European tour.

12. I told Dr. Adenauer that I planned to meet the NATO permanent representatives and General Gruenther in Paris. He thought this would be most useful. I also said that I would be telegraphing to Mr. Dulles who had expressed his readiness to come to Europe this month. But I warned the Chancellor that I thought he was too optimistic about probable French reactions. Dr. Adenauer nevertheless stuck to his view of Mendes-France although he had no confidence in him personally. He thought we might have greater difficulties with the pro-E.D.C. group in Paris. Ends.

340. DEA/50314-40

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

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

TELEGRAM 1144 London, September 14, 1954

SECRET

Repeat Canac Paris No. 79; Paris No. 126; Bonn No. 49. Repeated by bag to other NATO countries.

GERMAN REARMAMENT

According to reports received by the Foreign Office Mr. Eden's meetings with the Benelux Foreign Ministers in Brussels were very satisfactory and encouraging.

All three Benelux Ministers agreed upon German membership in NATO with the various safeguards which the British have in mind, and appeared convinced that the British proposals would provide the best attainable solution. The suggestion that the Brussels Treaty should be expanded to include Germany and Italy was warmly welcomed and it was agreed that this should be done in such a way as would avoid creating another, and looser, EDC inside NATO. Finally, Benelux Ministers approved the British suggestions on procedure and considered a nine-power conference an essential preliminary to a Ministerial meeting of the North Atlantic Council, expressing the hope that both these meetings might take place in London.

On tactics, they were convinced that progress must be made rapidly, and while everything should be done to meet legitimate French preoccupations, the other NATO powers must be prepared in the last resort to go ahead without the French if

necessary and should make this clear to the French before it is too late. This attitude apparently reflects the distrust of French tactics resulting from the Brussels conference and the EDC debate, and the feeling that the probability must be faced that having rejected the EDC the French Assembly would also reject an alternative along the lines proposed by Mr. Eden.

The Dutch and Belgian permanent representatives to NATO were present at the afternoon session and welcomed Mr. Eden's plan to meet the NATO Council on September 16. They were particularly interested in working out safeguards within NATO and strengthening NATO structure for this purpose. We understand that informal consultations between Steel and the Dutch and Belgian permanent representatives are now being continued on this point.

Mr. Eden emphasized throughout the discussion that the German contribution to defence and the attendant safeguards could best be handled in NATO and that the Brussels Treaty plan should be kept on a separate political plane. There was, however, a tendency on the part of the Benelux Ministers to suggest that while any new commitments should be to NATO, the expanded Brussels Treaty grouping might be used as a coordinating body which could go further in the direction of mutual assurances, in view of the guarantee of automatic assistance under the Brussels Treaty, than other NATO members would be prepared to go.

341. DEA/50030-P-1-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM 640 Ottawa, September 14, 1954

SECRET

Reference: Your telegrams 686 of Sept. 10 and 688 of Sept. 11,† and 693 of September 13.
Repeat London No. 1390; Washington EX-1660; Bonn No. 224.

NATO AND GERMAN REARMAMENT

I am very glad to note the Council's decision to hold a full-scale discussion on September 16 on the problem of a German defence contribution, and I am in accord with your view that we should do our best to make the discussion as useful as possible. Whether or not you should put forward at appropriate points in the discussion the proposals contained in our memorandum of July 16 as modified by the memorandum of September 3 (draft of which was sent under cover of our letter D-572 of September 7)† should, I think, depend to a considerable extent on the course of the discussion. I would hope that the United Kingdom would put forward their own proposals, and that the discussion might centre on these. If they seem generally acceptable, then we can hold our own in reserve in case the Germans later

decide that they cannot accept the U.K. proposals. If the United Kingdom proposals are not put forward and no one else jumps in, you could begin the discussion by putting forward our ideas. These should be presented, as you have suggested, as a line of thought rather than as a "plan". I would not wish, at this early stage in the Council's consideration of the problem, to give the impression that we have ready a fully thought-out set of proposals which the Canadian Government has decided to submit at some future date. You should, therefore, explain that, while they represent the thinking of this Department and carry my judgment, they are not yet Canadian Government views, but are being put forward at this stage in the hope that they might contain useful points which would contribute to an agreed solution of the problem.

2. For your own information, there has not yet been an opportunity to discuss our proposals in Cabinet Defence Committee or with other Departments. I have discussed them in general terms with the Prime Minister, however, and have had a preliminary discussion of our two memoranda with Mr. Campney and General Foulkes.

3. You will see that our present thinking, as presented in the memorandum of September 3, takes into account the very useful comments you have let us have. You will also see, however, that we have maintained the cardinal point of our original plan, namely that whatever armament controls are considered essential to safeguard against a resurgence of German militarism should be instituted in NATO as a whole in order that they should appear non-discriminatory. Our insistence on the point that the necessary safeguards and controls should be built into the NATO structure before admittance of Germany is based on the view that any attempt to impose on Germany discriminatory controls not, repeat not, applicable to other NATO countries would either be unsuccessful from the start or would create for NATO as many problems in the future as it might now solve. If we are wrong in this (and we will soon find this out) we would have to change our views. We are convinced, however, that West Germany, which is already in a strong position to insist on complete sovereignty and equality in the Western Community, would not long be happy with a manifestly unequal status in NATO. Even if she accepted it initially, she would soon be making efforts to change it, efforts which could not but create most serious strains within the Alliance. In other words, the Western countries are rapidly reaching a point in their relations with Germany where they will be unable to ask of her substantially greater obligations than they themselves are also prepared to assume.

4. It is on the basis of these considerations that we consider the application of an armament control system on a NATO-wide basis a more practicable proposition than the United Kingdom approach of persuading Germany to accept a prior agreement with limiting safeguards as the price of obtaining the rest of her sovereignty and joining NATO. However, I would not wish to emphasize any points of difference between the United Kingdom plan and our own ideas, but hope rather that the best features of both could be used. There have, in fact, been indications in the press and hints from your United Kingdom colleague that the British may have taken over some of our ideas. We have had no official confirmation of this, but if it is true, so much the better.

5. In your earlier comments you expressed misgivings lest our concept of an armament control system in NATO would result in a loss of direction and purpose which would seriously threaten the NATO defence structure. We assume that these misgivings were due primarily to the fact that Mr. Robertson's original suggestion was aimed partly at the disarmament problem and that we took the model for our inspection machinery from the United States disarmament proposals. This is a matter of presentation which we have tried to take care of in the later memorandum and telegrams outlining our modified plan. On the matter of substance, however, we hope you agree with us that a concept of armament supervision and control not too far removed from present NATO activity in this field would in so sense be incompatible with the "long haul" approach to NATO defence planning and would, in fact, be admirably suited to the dual task we shall have, if Germany is admitted, of being in a position to strike a fair balance between German rearmament and the defence efforts of the other NATO countries.

6. To this extent I would agree with your view (para. 2 of your telegram 693) that the concept of armament control in NATO should, at least at this stage, be viewed primarily as a convenient means of facilitating the integration of Germany in the Atlantic Community rather than as an end in itself. On the other hand, it is my view that the strengthening of that Community and the successful integration in it of Germany are both desirable and complementary objectives; the first is necessary to the second and the second will contribute to the first.

7. It is also my view that we should not put exclusive emphasis on German admission to NATO. We have consistently supported the idea of closer European integration within the framework of the Atlantic Community and we should continue to do so. I do not regard our proposals for strengthening NATO as excluding further progress toward that objective but rather as facilitating it. I would hope that, once Germany has been admitted to NATO, it would be possible for the European members to make further progress in that direction. I agree with you, however, that the proposal to include Germany and Italy in the Brussels Treaty should not be viewed as an alternative to German admission to NATO, but as complementary to it.

8. With respect to the implications for Canada of our proposals (paras. 3, 4 and 5 of your telegram No. 693), we recognize that they may put NATO in a position to interfere to a somewhat greater extent in matters hitherto regarded as exclusively Canadian. Our membership in NATO has already meant for us some limitation of sovereignty and obviously we cannot contribute to a strengthening of the Atlantic Community without expecting a further measure of practical (though not formal) limitation in certain fields. As you point out this will mean some reorientation in the attitude adopted here. I could not, repeat not, agree however that the establishment of inspection machinery in NATO should or could result in itself in the appointment of a NATO supreme commander for the Canada-U.S. Region. If we submit firm proposals for an armament control plan we must, of course, be prepared to accept its application to the Canadian defence programme but the extent to which it will apply will depend on the particular variant adopted. If Variant B of our memorandum of September 3 was adopted (this is the one we prefer and it need be the only one to which you would refer) only those Canadian forces and their armaments actually assigned to SACEUR would be subject to inspection. Since

there is no NATO commander in the Canada-U.S. Region, none of the Canadian forces for North American defence would be covered; since we only "earmark" forces for SACLANT, and do not assign them except in wartime, our SACLANT forces would not be covered either. The United States would, of course, be in a similar position and it is with a view to the difficulties of obtaining acceptance of a more comprehensive plan that I have indicated my support for Variant B.

9. Since drafting this telegram, we have received Mr. Eden's report of his talks with Adenauer from London, No. 1143, which has been repeated to you. This may well have a bearing on what you should say Thursday, but we have not had sufficient time to study its implications in that connection. First reading indicates that Eden has accepted the idea that limitations on German rearmament should be self-imposed, while we had thought that in the British plan they would result from an agreement prior to NATO admission. The message in question may make it even more necessary for us to be cautious in putting forward our own ideas, but we will cable you about this tomorrow. In addition, I think it would be useful if we had a telephone conversation, and for that purpose, I will be phoning you at 11.00 o'clock our daylight time.

342. DEA/50314-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM 649 Ottawa, September 16, 1954

SECRET

Reference: Your Telegram 661 of September 4.
Repeat London No. 1400; Washington EX-1678; Bonn No. 230.

NATO AND GERMAN REARMAMENT

Following for your background information is an analysis prepared in the Department of the United Kingdom working paper (text of which was given in Canada House Telegram 1038 of August 26; it may have been somewhat amended since then):

Sub-Paragraph (a): While Germany would probably not object to the level of forces proposed here we think she might well decline to bind herself to it before becoming a member of NATO, since she could argue justifiably that the German contribution, like the contributions of the other NATO countries, should be decided through the Annual Review process and in accordance with agreed NATO strategy.

Sub-Paragraph (b): This is perhaps the most important part of the United Kingdom plan. We feel that the Protocol on "strategically exposed areas" would be manifestly discriminatory since Germany would be the only NATO country whose total resources would be subject to these very serious restrictions. We also feel that,

unless the Protocol was accompanied by the establishment of some machinery to ensure its implementation, it would prove to be inadequate.

Sub-Paragraph (c): Like you we see no, repeat no, objection (indeed some psychological advantages) to a European Arms Pool. However, this must be a matter for the E.D.C. countries alone to decide and we would not, repeat not, regard it an as essential safeguard.

Sub-Paragraph (d): Such an Agreement would be of great value and has in fact been suggested in our memorandum of September 3 (paragraph 15) as a necessary accompaniment to any variant of our control plan which excludes atomic armaments.

Sub-Paragraph (e): There would be advantage in including provisions along these lines in any plan to admit Germany to NATO.

Sub-Paragraphs (f) and (g): These additional measures, which are not primarily aimed at Germany, might also be worth considering in connection with Germany's admission to NATO but are not essential to it.

Sub-Paragraph (h): We regard some assurances of this nature as a natural corollary to the Agreement envisaged in sub-paragraph (d) above and as an essential part of any plan to rearm Germany. It might be better, however, if this assurance could be in the form of a NATO declaration to which all member countries would subscribe. This would bring NATO obligations more obviously into line with U.N. obligations and would add to the non-discriminatory appearance of the arrangements.

343. DEA/50314-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 710 Paris, September 16, 1954

SECRET. IMMEDIATE.

Reference: Your telegram No. 640 of September 14.
Repeat London No. 119.

NATO AND GERMAN REARMAMENT

At the last moment Mendes-France elected to take the chair at the council meeting summoned to hear Eden's report. Lange who happened to be in Paris at the time also attended. Mendes-France's action apparently infuriated Spaak, who telephoned Ismay immediately before the meeting to protest that other foreign ministers had been given no opportunity to attend. De Staercke had been instructed to make this protest in the meeting, but as matters developed, he had no opportunity to do so prior to Mendes-France's departure.

2. The meeting was run with military precision. Eden ably and effectively outlined the general United Kingdom attitude, as influenced by his talks in Brussels, Bonn and Rome. In each of these capitals he had apparently found substantial general support for the United Kingdom approach. He explained quite frankly that this approach was two-fold. One aspect would be the admission of Germany to NATO as a means of providing for the full and equal participation of Germany in the western defence programme, while the other aspect would be the modification of the Brussels Treaty to provide for the entry of Germany and Italy. This latter step was designed to meet the need for the close political association of Germany with the democratic countries of Western Europe and would provide a means for the exchange among such countries (including the United Kingdom) of more comprehensive engagements than were involved in the broader and looser NATO structure.

3. Mendes-France closed off the meeting with almost indecent haste as he was apparently anxious to hurry to another appointment. There was no discussion, but I did have the opportunity to ask Eden whether he thought that the dual procedure which he proposed would involve serious delays in the admission of Germany to NATO. He replied that he did not think this would occur as the work on both aspects of the matter could proceed simultaneously.

4. Following the meeting I had an opportunity to talk to De Staercke and Van Starkenborgh, and I may acquire still further information in the course of Gladwin Jebb's luncheon for Eden. De Staercke and Van Starkenborgh were irritated and depressed at the present situation, as it appears that Mendes-France has taken with Eden in the current talks a line very similar to that which he followed at Brussels. He has said that there would be no difficulty about ending the occupation régime in Germany and admitting Germany to the Brussels Treaty Organization. He has insisted, however, that at the present time no possible majority is in sight in the French Assembly for German rearmament in any form. He has professed to agree personally with Eden's proposal, but has raised the old bug-bear of "questions préalables" (the Saar, the Moselle, etc.). It appears that at present at least he is prepared to go no further than to back the admission of Germany to the Brussels Treaty Organization and defer any arrangement for German re-armament until such time as a closer political accord can be established between France and Germany. Eden is working steadily away on him and expressed hope that he may be able to bring him around, but certainly the situation is far from encouraging.

5. Eden is fully determined to proceed with the nine power meeting in London, and now considers that September 28 would be a suitable date. I propose to ask him at lunch whether he would still proceed with that meeting and risk a repetition of the Brussels failure (which this time would presumably mean a complete break-up of everything) even if he has not been able in the meantime to work out a line of agreement with Mendes-France.

6. In a separate telegram I shall try to set out some general thoughts on the situation which have occurred to me in connection with the recent developments.

344. L.B.P./Vol. 46

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

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

SECRET Ottawa, September 17, 1954

Reference: Your tels. 1143 and 1144 of September 14.

NATO AND GERMAN REARMAMENT

We have been studying with great interest the reports which we have received from you and others, and which are greatly appreciated, on Eden's recent visit to Brussels, Bonn and Paris. There are, naturally some gaps to be filled in and some ambiguities to be cleared up, but on the whole we now have a good picture of the U.K. proposals and of their initial reception on the continent.

2. As already indicated, it is important to be clear about what is meant by German references to self-imposed limitations, and NATO's, and particularly SACEUR's functions in regard to armament limitation and control. Also, Adenauer's readiness to put the German forces "into an integrated army" needs clarification. Was he referring to some possible successor to the EDC Army, or to SACEUR's forces, (which are also called integrated)? We assume that Adenauer realizes that before any such step can be worked out, an understanding must be reached that Germany will assign all her forces to the future integrated army. (Your telegram 1161,† which has just arrived, throws considerable light on these and related matters.)

3. As I have already indicated, the dual Brussels cum NATO approach to the problem put forward by the British is ingenious but may have in it elements of danger for the future development of NATO and the Atlantic Community. Eden seems to regard the enlarged Brussels Pact as a convenient framework for closer political consultation, to which United Kingdom assurances along the lines of those given in the 3-power declaration of May, 1952, and of the United Kingdom declaration of April, 1954, can be extended.[62] Adenauer, however, seems to be thinking in terms of developing a looser form of EDC which would include the United Kingdom. He talks, for example, of being prepared to consider a joint general staff for these countries (para. 5 of telegram 1143). Does he regard United Kingdom fuller participation than previously promised as a prerequisite to developments along these lines?

4. Furthermore, while Eden stressed in Paris that the new and enlarged Brussels arrangement "must not conflict with NATO", nevertheless, the possibilities of divorcement, if not of conflict, are inherent in the proposal that everything of a military nature should now be left to NATO, while European political, social and

[62] Voir/See *Documents on International Affairs, 1952*, London: Royal Institute of International Affairs-Oxford University Press, 1955, pp. 167-168 et/and *Documents on International Affairs, 1954*, London: Royal Institute of International Affairs-Oxford University Press, 1957, pp. 2-4.

cultural co-operation should be centred in the Brussels arrangements. Mr. Wilgress well expresses our own worries in this matter in paragraph 3 of his telegram 712 of September 16.† You will also not have overlooked the emphasis that Bonn has placed on the Brussels arrangements as providing the new "European political grouping", while NATO will look after the armaments control machinery.

5. A related and important point is that raised in paragraph 7 of your telegram 1143. Eden and Adenauer seem to have agreed that a German defence contribution comes only second to a closer political association of Germany with the West; other reports seem to indicate that this has been the line pursued in other quarters throughout Mr. Eden's journey, from which Eden did not disagree. We have been looking at the problem the other way around and still think that it should be considered in this perspective. In the light of EDC experience, we feel that priority should be given to German rearmament, with adequate safeguards, within the Atlantic context. Once this has been agreed upon, the European countries would feel more at ease, because better protected militarily, to work towards closer political association with themselves. I am sure that you share our worry that if priority is to be given to any form of political association this will be used as a device for further postponements at a time we can ill-afford such delays.

6. We also see in such an approach a serious danger that the urgent problem of a German defence contribution would again be treated outside the NATO context, as it was when the EDC was under consideration. If this happens, we risk having a situation in which the United States (with the United Kingdom willy nilly training behind) would attempt to make their own arrangements with Germany behind the back of an isolated France. In such a case, NATO might lose all control of developments.

7. The stumbling block will probably be the French Parliament and it is a very serious one. If it were decided, however, to go ahead with the idea of an enlarged Brussels Treaty organization separate from Germany's association with NATO, it should be on the understanding that the two questions are separate and that neither is dependent on the other. In such a way, there may be some hope of an early settlement of the military issue and of retaining the valuable European idea. Otherwise, we would be worse off after the London Conference than we are now. The key to this part of the problem seems to me to remain in Paris, which is only one reason why I regret that Mr. Dulles apparently prefers Duck Island to that city as a port of call on his latest journey. Ends.

345. DEA/50115-J-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 734 Paris, September 21, 1954

SECRET. MOST IMMEDIATE.

CANADIAN PROPOSAL FOR ARMAMENT CONTROL

1. The last opportunity for us to present the Canadian proposal for armament control to the Permanent Council will be at the restricted meeting which is to be held following the regular meeting of the Council tomorrow morning, September 22. If it is left until the London meeting, I fear it will be too late for those participating to give the proposal consideration. Discussion will then be concentrated exclusively on the Eden plan and the French plan with a probable attempt to effect a compromise between these two plans.

2. Since the Canadian proposal offers possibilities of providing the last chance for a solution along Atlantic as opposed to European lines, I would strongly urge that I be permitted to put it forward tomorrow in very general terms, but with sufficient clarity to enable the idea to take root. I would include a reference to the desirability of keeping to the forefront the concept of the Atlantic community.

3. In spite of United Kingdom misgivings, I have been induced to send you this message by reason of a sudden interest shown in our proposal by the United States. A member of the Bruce Mission rang up this morning and ask to have details of the Canadian plan about which he had received word from Washington.

4. I shall endeavour to reach the Under-Secretary by telephone this afternoon in order that he may get in touch with the Minister in New York. If we are to take the action recommended in this telegram it will be necessary for instructions to reach us early tomorrow (Wednesday morning).

346. DEA/50322-40

Note pour le secrétaire d'État aux Affaires extérieures

Memorandum for Secretary of State for External Affairs

SECRET [Ottawa], September 22, 1954

NINE-POWER CONFERENCE ON GERMAN RE-ARMAMENT

At present writing it seems probable that the basis for discussion at the meeting will be the French proposals for German and Italian participation in a modified Brussels Treaty Organisation. The purpose of the conference has been spelled out by Mr. Eden and Mr. Dulles and cleared with M. Mendes-France in a statement intended to avoid misunderstanding. This statement, the text of which is appended,

declared that the conference was intended to discuss measures required equally for the promotion of European unity and the defence of the free world through the expansion of the Brussels Treaty to include Germany and Italy, and of NATO to include Germany. The United States, United Kingdom, France and Germany would discuss among themselves plans for restoring German sovereignty. This statement has not been shown to non-participating governments.

2. The NATO Council was not given an opportunity properly to discuss the questions arising out of the collapse of EDC, nor to authorise any smaller grouping to act on behalf of the Council. The conference can presumably, therefore, discuss any matters the nine ministers decide are appropriate.

3. The only other concrete suggestions advanced for a solution of the problem of Germany are those made by Mr. Eden on his visit to capitals of the former EDC countries. The United Kingdom has indicated that it would accept the French proposals as the basis of discussions, but Mr. Eden has not given the French Prime Minister any assurance that they are necessarily acceptable to the United Kingdom.

4. The United States, so far as we know, has not produced any alternative. Mr. Dulles did tell Herr Adenauer in Bonn that he placed the highest value on continuation of the idea of European integration with supra-national institutions, but he did not feel that the extension of the Brussels Treaty offered any prospect of this. Mr. Adenauer is said to have agreed to this. Mr. Dulles, according to our Embassy in Bonn, revealed clearly to the Chancellor that the United States intends to press ahead for an agreement in principle on German admission to NATO so that German rearmament can commence immediately. He is reported to have urged the Germans to reject any detailed restrictions on their rearmament proposed by France.

5. There is a danger, therefore, of a clash between the ideas advanced on the one hand by M. Mendes-France and Mr. Eden (though there are many basic differences between them) and Mr. Dulles and Herr Adenauer on the other hand. In addition there would seem to be clearly a fundamental difference of approach.

6. I attach the following studies:

(a) A summary and analysis of the French proposals, relating them to EDC as modified by Mendes-France at the Brussels meeting;

(b) A summary and analysis of the United Kingdom proposals from the information available — no paper comparable to the French was apparently prepared or circulated;

(c) A comparative analysis of the two proposals;

(d) An analysis of the motives behind recent French, United Kingdom and United States moves on the subject of German re-armament;

(e) The Canadian Armament Control Plan;

(f) An analysis of the relationship of NATO to the French proposals.

7. In many ways the French proposals, if they could be linked with German admission to NATO, would be in accordance with past Canadian aims. We have felt that West European unity and solidarity, and therefore that of the whole western world, could best be served by closer United Kingdom association with it. The

United Kingdom now seem prepared to give this movement greater support, though it is doubtful if they could accept all the French proposals. It is, however, a concrete and pragmatic step towards closer European co-operation and should probably be encouraged provided it takes place within the framework of NATO. The supra-national aspects of European unity are clearly not yet acceptable to the French and British and premature insistence on them might simply ruin the chances of closer co-operation.

8. One of the objections to the United Kingdom proposals is that they tend to concentrate all the political and psychological aspects of German association in the Brussels Treaty and the military controls in NATO, thus taking away from the latter much of its importance as the vehicle for developing an Atlantic community. The French proposals would tend to concentrate supervision of the military and armament controls in the Brussels Treaty Organization, in accordance with the requirements of the NATO Council acting on the advice of SACEUR.

9. The French proposals make no mention of German sovereignty, or of the question of the status of United States and Canadian forces in Europe. But presumably if the basis of the proposals were accepted these matters could be worked out. It would seem unlikely that the French will accept any proposals (such as the United States appears to have in mind) to issue separate declarations by the three occupying powers regarding German sovereignty until some acceptable plan for controlling German rearmament has been worked out.

10. I would suggest that we do everything possible at the London meeting to assist in reaching a compromise solution acceptable to both the British and the French, provided that it includes the admission of Germany to NATO and the restoration of German sovereignty, and a reasonable compromise in emphasis between the European idea and the Atlantic concept, though naturally we would prefer that the unity of NATO be preserved as the prime organ of Atlantic cooperation.

11. It would seem inappropriate for us to advance the Canadian suggestion for armament control in NATO so long as there is a chance of our objectives being achieved through a United Kingdom-French scheme which commanded general approval.

12. It is possible that this whole concept may meet with United States and/or German opposition, and if there were little chance of compromise, we might then introduce our ideas. Another possibility is that the French and British fail to reach agreement on the extent of United Kingdom commitments on the continent, in which case our ideas might provide an acceptable means of meeting the minimum demands of each.

13. Our proposals could also appropriately be put forward if, in the process of bargaining, the principals appeared to be reaching a settlement with which nobody was really satisfied, and which we ourselves saw as unsatisfactory for NATO as a whole.

14. There were suggestions from M. Mendes-France last week that he was going to introduce certain "questions préalables", such as the Saar and the Moselle. He made no mention of them to us or to the United Kingdom, but in his speech yesterday in the Council of Europe Assembly at Strasbourg he is reported to have stated

that the proposed solutions also might help solve the problem of the future of the Saar. The introduction of these issues could well stop the whole process.

15. M. Mendes-France said formally that if his programme was accepted he would stake the life of his Government on its acceptance by the French Assembly before the end of the year. If we do give any support to his plan it would probably be wise to insist that some such conditions be attached to prevent any further delays.

[PIÈCE JOINTE 1/ENCLOSURE 1]

Déclaration

Statement

September 22, 1954

TEXT OF STATEMENT CONCERNING PURPOSE OF THE NINE POWER LONDON TALKS

The purpose of the Nine Power Conference is to agree with a view to the forthcoming Ministerial Meeting of the North Atlantic Council upon the measures required equally for the promotion of European unity and for the defence of the free world through the expansion of the Brussels Treaty to include the German Federal Republic and Italy and of NATO so as to include the German Federal Republic.

2. The Conference would discuss how best the accompanying arrangements could be organised within the revised Brussels Treaty and within NATO.

3. The governments of the United States, United Kingdom, France and Federal German Republic would also discuss among themselves and inform the Conference of their plans for restoring German sovereignty which would be an essential prerequisite to the entry of the Federal German Republic into the Brussels Treaty and into NATO.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Annexe A

Annex A

SECRET [Ottawa, n.d.]

FRENCH PROPOSALS FOR GERMAN REARMAMENT WITHIN THE BRUSSELS TREATY ORGANIZATION (WESTERN UNION)

Mendes-France has now stated his terms for accepting German rearmament. He has proposed that they be discussed at the Nine-Power London Conference and if the result is acceptable to his Government, to stake the future of his Government on their acceptance by the National Assembly before the end of the year. The United Kingdom has accepted the French proposals as a basis for discussion at London.

2. The French claim that their proposals for German rearmament within the context of the Brussels Treaty are based on the following principles:

(1) No discrimination.

(2) The limitation of troop formations and armaments.

(3) Control of troop formations and armaments.

(4) The provisions will apply only to the armed forces placed under the command of SACEUR.

(5) Full participation by the United Kingdom.

3. Subject to the conditions outlined below, the French require that the Brussels Treaty become the organization responsible for the security of Western Europe, and that Germany and Italy participate in the Treaty as has also been suggested by the United Kingdom. The French have proposed that the Brussels Treaty be modified by the incorporation of clauses of a technical military nature which would permit a German military contribution to the defence of Western Europe. This contribution would, however, be strictly supervised by the members of the Western Union. The French conditions are as follows:

(1) The Ministerial Conference of the Brussels Treaty Organization will agree to adopt a level of armed forces to be maintained in Europe by each of the member countries in accordance with the levels specified by the NATO Council acting on the recommendations of its Supreme Command. In carrying out this function the Brussels Treaty Council of Ministers is to take note of Article (7) of the Brussels Treaty which provides in part that the Council is to be convened "in order to permit the High Contracting Parties to consult . . . with regard to the attitude to be adopted and the steps to be taken in case of a renewal by Germany of an aggressive policy . . .". (The phrasing of this Article is no doubt to be suitably amended.)

(2) The minimum levels of NATO will become maximum commitments of the Brussels Powers. This will be guaranteed by inspection and controls which will be organized to operate in the areas covered by the Brussels Treaty, and presumably under the supervision of the Western Union Council, which would, of course, include Germany and Italy. Mr. Mendes-France is however reported in the *New York Times* as having said in Strasbourg that these maximum figures "may be the same figures as used by NATO, or different figures". Could it be more, or less? France would have a veto in NATO on what minimum NATO requirements for Germany would be. Would France be prepared to encourage Germany with the expectation that she would get some forces uncommitted to NATO, or would the Brussels Council set its sights lower than minimum NATO requirements?

(3) The French divide armaments into two categories for purposes of control. The first category includes atomic, chemical and biological weapons, missiles and unconventional mines, large naval vessels and submarines, and military aircraft. The second category comprises conventional weapons, excluding those already mentioned.

(a) The manufacture of weapons in the first category is to be prohibited in exposed strategic zones. The French have outlined these zones on a military map. Presumably the French consider that the zones have been drawn up so that

there is no discrimination against Germany, and that the areas can be justified purely on military grounds. The Council of Ministers of the seven powers must have full authority to ensure that this provision of the Treaty is not violated.

(b) The manufacture of weapons in the second category will be subject to the discretion and control of the "Council of the Seven". The Council would have authority to apportion armaments between the member states and to receive United States weapons and divide them between the national forces. No continental country which is a signatory to the Treaty would be able to make any armaments without the authorization of the Council. The Council of the Seven, moreover, would be able to authorize armaments for export, and for other signatories of the Treaty, other than the member states.

(c) The French system of armaments control in terms of weapons in the second category would also be utilized for the rationalization of armaments between the member countries.

(4) At the present time the Consultative Council of the Western Union reaches its decisions unanimously. The French wish to have this changed so that decisions may be taken by simple majority, a weighted majority or unanimously. This procedure would give greater flexibility to the Council, would prevent Germany from vetoing consideration of its rearmament policies and programmes and could be utilized to protect the interests of France.

[PIÈCE JOINTE 3/ENCLOSURE 3]

Annexe B

Annex B

SECRET [Ottawa], September 21, 1954

UNITED KINGDOM PROPOSALS

The United Kingdom proposals advanced by Mr. Eden during his tour of the European capitals are designed to meet two urgent requirements. The first and most important from the United Kingdom point of view is that Germany should be incorporated into the association of the Western democracies. The second is that Germany should participate in the defence programme which those countries are carrying out through NATO. The United Kingdom solution envisages the expansion and modification of the Brussels Treaty to include Germany and Italy and the admission of Germany to NATO together with adequate safeguards. In the United Kingdom view these two developments should take place simultaneously.

The Brussels Treaty

2. The United Kingdom apparently considers that an enlarged Brussels Treaty organization is not only an ingenious way of linking Germany politically with the West and of reviving the European concept inherent in the EDC, but a means for the exchange of political views and more comprehensive engagements than are possible within the broader and looser NATO structure. The admission of Germany

to NATO would be a parallel development, but mainly for the purpose of obtaining a controlled German defence contribution.

3. The Brussels Treaty establishing the Western Union (France, Belgium, Luxembourg, the Netherlands and the United Kingdom) was signed on March 17, 1948 and has a duration of 50 years. It was evolved as a rather hurried measure to emphasize the unity of the Western European wartime allies and was couched in terms which emphasized the danger from Germany. In general terms the coalition of countries comprising the Union was formed for the following reasons:

(a) collective self-defence in the event that any member is the victim of armed aggression in Europe;

(b) to strengthen the economic, social and cultural ties between the members; and

(c) to provide for the settlement of disputes between members by peaceful methods involving either conciliation or litigation before the International Court of Justice.

4. The Treaty has functioned through a Consultative Council comprising the Foreign Ministers of the five powers and a Permanent Commission which acts on behalf of the Council between sessions, as well as several subordinate committees, boards and sub-committees of ministers or experts.

5. Many aspects of the Treaty have been superseded by the provisions of the North Atlantic Treaty, with the result that NATO has taken over the military functions of the Union. Its economic functions are now handled by OEEC. In the circumstances, the activities of the Union have been confined to cultural and social matters and agreements relating to these subjects have been signed by the member states. Politically and militarily therefore it has been almost a dead letter in past years, although it is the basis on which the Benelux countries are consulted on, or apprized in advance of certain decisions in regard to Germany.

6. To provide for the admission of Germany and Italy to the Brussels Treaty, the United Kingdom has suggested the delegation of those portions of the agreement which would be offensive to and discriminatory against the Federal Republic. (Although we have not received detailed information on this point, we envisage deletion of parts of the Preamble and Article 7 — see Annex A).

7. It is clear that the Treaty does not contain any safeguards which would be sufficiently binding to allay French fears about German rearmament. The United Kingdom would prefer to have any such safeguards included within the NATO framework, but appears to recognize that there may be a limit to which some NATO members, particularly the United States, would be willing to commit themselves in relation to the control and supervision exercised by NATO. In the circumstances Mr. Eden, in his conversation with Chancellor Adenauer, indicated that it might be possible for the Brussels Treaty members, including Italy and Germany, to agree among themselves to go farther in their commitments to NATO than the other NATO powers. Although we have no firm indications of the United Kingdom plan in this respect, apparently they are thinking in terms of listing in an annex to the Brussels Treaty a list of the forces which each of the signatories would assign to SACEUR, but without stating that these forces should not be exceeded.

8. Another suggestion which the United Kingdom appears to be considering is that two zones should be defined in the Brussels Treaty. The first would be the forward zone and the other the zone of lines of communications. All forces in the forward zone (which would include Germany) would be assigned to SACEUR.

9. The United Kingdom also intends to tighten up the Brussels Treaty organization and in particular to give special authority to its committee of Defence Ministers. It is not clear at this point how the United Kingdom plans to do this.

German Admission to NATO

10. The United Kingdom is anxious to bring about German membership in NATO on a basis of equality with the other members and to develop to the fullest possible extent existing NATO machinery as a means of controlling German rearmament and the deployment of German forces on a non-discriminatory basis. In effect, although the United Kingdom is prepared to admit that some safeguards might more conveniently be worked out within the Brussels Treaty framework, they stress that there should be no duplication or overlapping between the Organization and NATO and that the concentration of all military arrangements should be within NATO.

11. On the assumption that the initial size and character of the German defence contribution would be that envisaged under the EDC, the main features of the United Kingdom proposals are:

(1) Any change in the German contribution would be negotiated within NATO.

(2) The Annual Review procedure might be tightened up. At the present time firm commitments for forces are laid down for one year ahead and less firm commitments for the following two years.

(3) All countries contributing forces to SACEUR should place them at his complete disposal with respect to location and movement.

(4) SACEUR's control over the troops and matériel at his command would be made more effective.

(5) German forces might be integrated within NATO along the lines of the procedure already adopted in the Northern Army Group and the Second Tactical Air Force. The United Kingdom did not consider that it will be possible to go any farther than the integration already achieved along these lines.

(6) Arrangements could be made similar to those under Article 10 of the EDC Treaty to make it clear that in addition to the forces already committed to NATO, NATO members could only have forces required for non-NATO responsibilities, e.g., overseas commitments.

(7) Some arrangements will have to be made to deal with armaments production. The United Kingdom consider it doubtful whether it would be possible to have an armaments pool such as the one envisaged under EDC since the political control and supranational institutions under EDC have been rejected. However, the United Kingdom would welcome any action which the six EDC governments might be able to take along these lines. The United Kingdom lays stress on the importance of maintaining the EDC conception of avoiding manufacture of certain key weapons

in exposed areas such as West Germany. The list of armaments outlined in the annex to Article 107 of the EDC Treaty might serve as a guide in this connection.

(8) The life of the North Atlantic Treaty might be prolonged to fifty years and declarations concerning security and the eastern frontier of Germany might be made by the German Government and the NATO governments along the lines agreed by the United Kingdom, the United States and France with Chancellor Adenauer in December, 1953.

[PIÈCE JOINTE 4/ENCLOSURE 4]

Annexe C

Annex C

SECRET [Ottawa], September 21, 1954

COMPARISON OF UNITED KINGDOM AND FRENCH PROPOSALS ON GERMAN REARMAMENT

The essential difference between the United Kingdom and French proposals on German rearmament at the present time is that the French plan makes no mention of German admission to NATO and provides for safeguards against uncontrolled German rearmament within the Brussels Treaty, whereas the United Kingdom plan is based on the assumption that Germany will be admitted to NATO and that the essential safeguards will be included in its framework. The French plan would entrust the supervision of German rearmament to the Council of Ministers of the Western Union (Brussels Treaty Organization). However, the administration of the supervisory function would be entrusted to NATO, on the basis of limits set by the NATO Council acting on the advice of SACEUR: there is no elaboration of how SACEUR is to act as the agent of the Brussels Treaty Council for this purpose; no German armaments or troop formations are to be permitted except for service in NATO: this appears to indicate that the French would expect that the Germans would dispense with a General Staff, which the British apparently have made no provision to prevent their setting up.

2. The United Kingdom, however, appears to recognize that there may be a limit to the extent to which some NATO members, particularly the United States, would be willing to commit themselves in relation to the control and supervision exercised by NATO. In the circumstances it appears the United Kingdom would be agreeable to the incorporation of such commitments within the Brussels Treaty framework.

3. A distinguishing aspect of the French plan is that the United Kingdom must maintain a fixed minimum level of forces on the Continent of Europe. Although Mr. Eden, during his discussions in the European capitals, hinted that the United Kingdom might be prepared to accept such an obligation, no firm proposals appear to have been made. (The United Kingdom paper on restrictions on German rearmament within NATO indicates that the United Kingdom would be prepared to declare their intention to keep their "fair share" of forces on the Continent as long as the threat exists).

4. On the question of producing certain types of weapons the French proposals go much farther than those of the United Kingdom in that they not only prohibit the manufacture of certain unconventional weapons but would strictly regulate the quality and quantities of conventional weapons manufactured in strategic areas on the Continent of Europe. The French, unlike the United Kingdom, also envisage the control by the Western Union Council of the import and export of weapons on the Continent, and the rationalization of armaments in the member countries.

5. Our general impression is that the United Kingdom proposals are more flexible than the French suggestions and consequently permit more room for manoeuvre at the London meeting. In addition the French plan is obviously more clearly discriminatory against Germany in the sense that it makes specific provision for action in the event of a German breach of its obligations under the Treaty. Further views on the comparison of the two plans, particularly in their relation to NATO, appear in Annex (F).

[PIÈCE JOINTE 5/ENCLOSURE 5]

Annexe D

Annex D

SECRET [Ottawa, n.d.]

GERMAN REARMAMENT — MOTIVES BEHIND RECENT MOVES

The motives and aims of the United Kingdom, United States and France in their recent moves towards solving the problem of German re-armament are not in every case entirely clear. This paper attempts to examine what evidence we have on this subject.

A. *United Kingdom*

The United Kingdom proposal to revive the Brussels Treaty, expanding it to include Germany and Italy, and at the same time to admit Germany to NATO with adequate safeguards is clearly intended: (a) to produce a quick solution of the dilemma acceptable to France; (b) to save some measure of real Western European unity; and (c) to restore to Germany sovereignty and rearm it in the relatively safe context of NATO.

Mr. Wilgress has also suggested that the United Kingdom is attempting to regain the leadership of Western Europe which was almost in default after the French refusal to ratify EDC and the United States failure to produce any alternative. He explains in these terms Mr. Eden's European tour, the United Kingdom offer to give at least some semblance of support to the European idea, and the role which the United Kingdom apparently envisaged for NATO.

B. *United States*

Mr. Wilgress also explains Mr. Dulles' trip to Bonn as, at least in part, an attempt to restore United States initiative and to prevent the leadership of Western Europe passing to the United Kingdom. Certainly the report from Mr. Ritchie of the Secretary of State's conversations with Herr Adenauer tend to confirm that Mr.

Dulles was in part aiming at undoing Mr. Eden's work and to cast cold water both on the Brussels Treaty idea and the nine-power conference.

Other aims may have been to proffer a deliberate snub to the French in order by shock treatment to effect a re-assessment in Paris of the situation caused by the French refusal to face up to the result of their rejection of EDC. Mr. Dulles may have thought that his flight to Bonn and his wooing of the Germans would have such a frightening effect on the French that they would be forced to come into line. The facts that Mr. Dulles will press for an agreement in principle regarding German admission to NATO and has encouraged the Germans to reject any complicated plan for limitations on rearmament proposed by the French suggest that the United States is not averse to isolating the French. It is difficult to imagine what other aim Mr. Dulles could have had since he could hardly have decided on the visit to Bonn and London simply for the pleasure of administering to Mendes-France an expression of his disapproval, unless, of course, he is concerned about the need for dramatic action in an election year when the Senate has already registered its unanimous approval of granting Germany its sovereignty and bringing about an early defence contribution from Germany. It is also conceivable that he has in mind tactics which are intended to bring down the Mendes-France government although this would be difficult with the Assembly adjourned.

It is difficult to see what he had in mind in stressing in Bonn the idea of European integration with supranational institutions and at the same time rejecting the idea of a revived Brussels Treaty. So far as we know he proposed no substitute for EDC, and he must be aware that its revival is almost impossible. In the circumstances if he wished to stress European integration, it would surely have been wiser to take the Brussels Treaty as a tangible starting point. At any rate it is interesting to note that the Germans are not so convinced as Mr. Dulles is that it is either possible or wise to attempt to isolate France in trying to work out a method of rehabilitating Germany.

C. *Germany*

According to reports we have received the Chancellor was generally sympathetic to the ideas advanced by Mr. Eden during his recent visit to Bonn, but the Chancellor was careful not to commit himself to the British proposals. On the other hand he appears to have been much more forthcoming in his reaction to the proposals submitted to him by Mr. Dulles some of which ran contrary to the British suggestions. It seems clear that the Germans are aware of their powerful position at the moment and, as Mr. Ritchie has pointed out, Mr. Dulles's démarche gave them a dangerously exaggerated idea of their own importance.

The German Government for reasons of self-esteem appears to be motivated by a strong desire to obtain the best possible deal from the German point of view. At the same time the Chancellor must recognize that there is no strong feeling in favour of rearmament in Germany and that the German people might not go along with any solution which is unacceptable to the French, even though the Chancellor himself may be suspicious of the motives of the French Premier. It is our impression that the Germans above all at the moment wish to have full sovereignty as soon as possible and welcome the idea of membership in NATO more as a sign of

respectability than as a means of protecting themselves and Western Europe against Soviet aggression. Chancellor Adenauer himself appears to be primarily concerned about the need to revive the European idea inherent in the EDC. In addition, in the background as an ever-present motivating force, is the strong urge for reunification.

Viewed in this light we may expect the Germans to continue to press strongly for an early return of sovereignty and a termination of the occupation and full membership in NATO. It is conceivable that, if the Americans moderate their strongly pro-German bent, Chancellor Adenauer might be prepared to go along with the French proposals provided they are not too obviously discriminatory against Germany and provided no unreasonable conditions are attached by the French to German admission to NATO. The Chancellor, despite his remarks to Dulles to the contrary, may see in the French proposals at least the shadow of the European idea inherent in the EDC. At the same time he may view them as less provocative to the USSR and as a more flexible arrangement than simple admission to NATO which might facilitate at some time any moves towards reunification of Germany.

D. *France*

Since the rejection of EDC by the French Assembly, the clearest statement of the foreign policy of Mendes-France is that which he made off the record to the Anglo-American Press Association on September 7, 1954. This statement, which was reported in Paris Telegram 417 of September 16, a copy of which is attached,† may be summarized as follows:

(a) The fundamental idea of the Treaty of Paris was the establishment of a close bond between Germany and the West. This must not be forgotten in the search for some other procedure;

(b) Germany cannot be neutralized for if it were it would some day throw itself in with the East in exchange for unity;

(c) The concept of supranationalism is unacceptable to France and must be abandoned;

(d) Franco-German reconciliation is essential but it is not possible unless the United Kingdom is closely associated with its manifestations;

(e) A German military contribution is necessary to Western defence; this contribution must be made within the framework of a system of control and guarantees established on the basis of non-discrimination;

(f) France cannot play its proper role internationally without the implementation of the necessary economic and social reforms.

5. These principles clearly mark the abandonment of European integration as the goal of French policy. Taken together with the proposals to be submitted by France to the nine-power conference, they indicate that France has given up the post-war hope of controlling Germany by itself in an essentially military "little Europe". Instead, what France now seeks is a scheme whereby the danger that Germany might constitute a threat to either the western European countries or to the Soviet Union will be removed. This aim, in the French view, can be achieved by:

(a) placing wide controls on German re-armament, German participation in western defence planning, and German territorial ambitions; and

(b) bringing about the association of the United Kingdom with the task of controlling Germany on the continent.

Present French thinking is, therefore, not in line with the United States desire to strengthen its European front against the Soviet Union by the inclusion of a re-armed Germany in NATO. It is also opposed to the granting of sovereignty to Germany without adequate guarantees against unrestricted re-armament.

If the United States refuses to consider the French proposals at the nine-power conference, it would add a further rebuff to the series which it has administered to Mendes-France since the Indo-Chinese settlement. Another United States rebuff may not harm the political standing of Mendes-France with the Assembly and may possibly improve it. A result of such a course of action by the United States, however, would be that Mendes-France would have an excuse for following the course of action which his enemies claim he intends to follow: that is, to destroy NATO and come to terms with the USSR. It must be admitted that United States policy has at times in recent months seemed deliberately formulated to assist such a process. While this seems unthinkable as a possible French policy, some recent actions of Mendes-France cannot permit us completely to overlook it.

On the optimistic side, if the United States relents and if an agreement is reached at London which Mendes-France endorses, the chances of its approval by the National Assembly would appear to be good. The recent vote against the EDC was 319 (including 99 Communists) to 264. While some of those who supported EDC will perhaps vote against an alternative plan, a good number of the opponents of EDC, and notably the 73 Gaullists, would vote for the Brussels Treaty alternative because of the removal of the supranational aspects of the EDC Treaty.

[PIÈCE JOINTE 6/ENCLOSURE 6]

Annexe E

Annex E

SECRET [Ottawa, n.d.]

A PLAN FOR ARMAMENT CONTROL WITHIN NATO

The failure of the French Assembly to approve EDC has now confronted the Western Allies with the same difficult problems (though in a more highly charged atmosphere) to which the Paris Treaty appeared to provide the answer. These problems — West German sovereignty and a controlled German contribution to Western defence — must be solved together if we assume, as we must, that French co-operation in the formulation of Western policy with respect to Germany is essential to the unity of the North Atlantic Alliance. Of the two problems, the most difficult is that of German rearmament. When that is solved the problem of German sovereignty should prove relatively easy, since it is not German sovereignty itself but one of the important attributes of sovereignty (i.e. the right to national armed forces) which, in French eyes, raises the spectre of German militarism.

2. Our approach to a solution of these problem is based on the following assumptions:

(a) As agreed at the Brussels Meeting of the North Atlantic Council in 1950, a German defence contribution is essential to the defence of Western Europe;

(b) This contribution must be obtained in such a way that legitimate German aspirations are met while, at the same time, the members of NATO, and particularly France, are assured of adequate safeguards against misuse of German military power;

(c) To do this inevitably involves tackling the underlying problem of Franco-German relations, which in many respects is fundamentally one of an increasing unbalance of power between the two countries;

(d) With the failure of the EDC, NATO seems to provide the most practical framework within which the harmful effects of this unbalance could be counteracted by bringing in the United Kingdom and the United States to offset German military and economic strength.

(e) If NATO is used for this purpose, German admission must be brought about in such a way as to preserve the unity of NATO and to ensure (as far as it is possible) the permanent integration of Germany within the Atlantic Community.

3. These considerations have led us to the conclusion that the solution to the twin problems of German sovereignty and a German defence contribution which offers the best prospect of permanency is one involving the admission of a sovereign Germany to NATO after there has been instituted in NATO as a whole a system of armament control adequate to safeguard against a resurgence of German militarism. Any restrictions on German sovereignty retained as a condition of Germany's admission to NATO are unlikely to last for long and the strains among member countries which their removal would create might disintegrate the Alliance. Whatever controls on German rearmament we consider essential should be so established that they appear non-discriminatory, or as nearly so as possible.

The Plan

4. In the light of the foregoing it should be borne in mind that the basic idea behind the plan is that a system of armaments control should be instituted in NATO applicable to all members, although not necessarily to the entire area or to all forces. This does *not* mean disarmament. The plan is not designed to limit armament but to control it. A system along the lines we propose could work in both directions (either to limit or to maintain existing levels) according to individual circumstances. The main features of the plan are as follows:

(a) The forms of armaments supervision which already exist in NATO (the Annual Review, the activities of the Standing Group agencies and of the NATO Secretariat in the fields of standardization of arms and correlation of defence production, and the training and inspection responsibilities of the Supreme Commanders) should be strengthened.

(b) A system of inspection should be set up within NATO under the authority of the North Atlantic Council. This would mean shifting the emphasis from the present voluntary system of furnishing information, in which discretion is left to

member governments in the last analysis, to one in which member governments would surrender a large part of this discretion to NATO. Under this system member governments would be required to allow supervision by a NATO inspection body of armed forces and armaments actually assigned to NATO. There seems no reason why, if member governments are agreeable to the introduction of such a concept (derived from the U.S. disarmament plan for the U.N.) into NATO, the Secretary-General and the Secretariat of NATO could not fulfil the functions of the Director-General and the Secretariat of the proposed U.N. Authority's Disarmament Division. Although NATO has nothing resembling the Corps of Inspectors which the United States proposal envisages, it is possible that provision could be made for the appointment of such a Corps by the Secretary-General on the nomination of member countries.

(c) To allow for flexibility, the arrangements for controlling armaments might be established in progressive stages, and/or variations in the scope of the plan might be introduced. A study of the possible variants leads us to the conclusion that our plan should provide for either:

(i) inspection and control of armed forces and armaments actually assigned to NATO Commanders, or

(ii) inspection and control of armed forces and conventional armaments only in all NATO countries.

The first, in our view, appears to be by far the best, in that it might be acceptable to the United States and the United Kingdom, it would be non-discriminatory, and it would meet our requirements for a reasonably permanent solution. If, combined with a solemn undertaking by Germany that she would devote the whole of her defence effort to NATO, this would ensure that all German armed forces and armaments would be subject to NATO supervision while leaving the most sensitive areas of United States and United Kingdom armament (the strategic air forces and strategic reserves) and certain French forces outside of its scope. The second variant would be less satisfactory in that it would leave beyond NATO control German atomic development for military purposes (unless, of course, Germany renounces its right to produce atomic energy). This may not be a problem at present or for the immediate future but it is almost certain to become an important factor in a matter of years. Moreover, an undertaking not to enter the atomic energy field is likely before long to be regarded by the Germans as a far more humiliating limitation on their sovereignty than an undertaking to assign all their forces and armaments to NATO.

(d) Coupled with the plan would be twin undertakings by the West German Government to:

(i) Devote the whole of the West German defence effort to NATO. An alternative might be agreement by all NATO members including Germany that, apart from forces placed under SACEUR, no armed forces will be maintained except national police forces, troops for the protection of the Head of State, forces for international missions (e.g., U.N.) or forces which any NATO member requires to fulfil its defence responsibilities outside NATO.

(ii) Renounce force as a means of reuniting Germany or of recovering the lost German territories. (It is for consideration whether this should be a separate undertaking by West Germany or whether it might not be an undertaking, by NATO as a whole, as a means of underlining the essentially defensive character of the NATO alliance after the admission of Germany. In addition, it is conceivable that such a general undertaking by NATO could be some assurance against any tendency on the part of the United States to revive the idea of "liberating" the Soviet-occupied territories in Eastern Europe.)

[PIÈCE JOINTE 7/ENCLOSURE 7]

Annexe F

Annex F

SECRET [Ottawa, n.d.]

ANALYSIS OF THE IMPLICATIONS FOR NATO OF THE FRENCH PROPOSALS

It seems clear that the French Government has seized on the idea of an expanded Brussels Treaty Organization as providing a substitute for the E.D.C. which would not have the supranational characteristics of the latter and which would have the advantage of closer United Kingdom participation. The French may also think that it would be less provocative to the Soviet Union than a solution involving only the admission of a rearmed Germany to NATO. In addition, the obvious omission of the French reference to German membership in NATO suggests that the French would prefer to avoid this difficult topic for the time being or would try to use the Brussels Treaty concept to make the pill more palatable to the French Assembly if the other Western countries insist on a German admission to NATO. At the moment the French appear to be veering around toward accepting the idea of German membership in NATO although (according to one comment we have received) they may envisage it as the final stage in a evolutionary process. In the circumstances it is assumed for the purposes of this memorandum that the French will not, in the final analysis, object to Germany being admitted to NATO.

Viewed in this light, it is for consideration whether the French proposals would diminish or alter the present authority and responsibility of NATO. The answer would appear to depend in part on the relationship in practice which the French envisage between NATO and the enlarged Brussels Treaty Organization, and in part on the extent to which the non-Brussels Treaty Organization powers would be prepared to strengthen NATO's functions.

On the first point, the French memorandum leaves many questions unanswered, particularly with regard to the authority and scope of NATO. There is some evidence, however, to suggest that the French Government may view their version of the Brussels Treaty Organization as little more than a facade which will have a useful psychological effect in France. The French Premier has admitted to Mr. Eden that for this reason he would like to have as many safeguards as possible against German rearmament added to the Brussels Treaty. It is true that under the French proposals the Brussels Treaty Organization would be responsible for the

security of Western Europe and for the supervision and control of the German defence contribution. On the other hand, NATO would still be responsible for setting the levels of forces to be contributed by the member countries (which would serve as the maximum levels of the Brussels Treaty powers) and NATO machinery would be used as far as possible to inspect and control these levels.

On the second point, there are many unknown factors and the attitude of the United States is likely to be decisive. It is obvious that the admission to NATO of an important country like Germany would tend to change the present balance in the Organization. This tendency might be accentuated under the French proposals unless the non-Brussels Treaty powers were prepared at the same time to tighten up both the military and political cooperation within NATO. If they were to let NATO procedures remain precisely as they are and to leave all questions concerning Germany to the Brussels Treaty Organization, the primary emphasis would almost certainly shift from trans-Atlantic cooperation to European cooperation. There are already disquieting signs that Mr. Dulles would regard such a development with favour and that he is thinking in terms of German leadership in Europe. If the primary responsibility for German association with the West were given to the Brussels Treaty Organization, the United States might feel free to leave Western Europe to its own devices and to use NATO only as a vehicle for loose military cooperation with Western Europe.

Mr. Wilgress has already expressed concern that the United Kingdom idea of employing the Brussels Treaty Organization as a means of obtaining closer German political cooperation, while using NATO primarily to deal with the military aspects, might tend to reduce the role of NATO to that of a "military club". He now thinks that both the United Kingdom and the French proposals are designed to prevent Germany having an opportunity to join forces with the United States in order to control developments in Europe.

At present the Brussels Treaty Organization is most active in the fields of social and cultural cooperation. It also has machinery to facilitate the exchange of political views at various levels. But the emphasis in this field is on informality and flexibility. To this machinery would presumably be added, under the French proposals, certain agreements concerning the levels of forces of member countries and procedures for dealing with problems arising out of the implementation of these agreements. The important task of administering the inspection and controls would be NATO's. There is nothing in the French proposals as they stand to necessitate building up within the Brussels Treaty Organization functions that would compete with those of NATO. Nor do they suggest that NATO's present responsibilities would be reduced in any way. It is therefore quite possible that the French plan, or a compromise between the French and the United Kingdom plans, could be implemented without affecting NATO's functions as the prime organ of Atlantic cooperation. At the same time, great care would have to be taken to avoid the dangerous tendency noted above, and to guard against a shift of emphasis from NATO to the Brussels Treaty Organization.

347. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], October 13, 1954

. . . .

EXTERNAL AFFAIRS; LONDON NINE-POWER CONFERENCE ON GERMANY; CANADIAN RESOLUTION ON DISARMAMENT AT UNITED NATIONS; REPORT CONCERNING GENEVA CONFERENCE ON KOREA

17. *The Secretary of State for External Affairs* reported that, as a result of the Nine-Power Conference on Germany held in London between September 28th and October 3rd, the Canadian government would be called upon to reach decisions on several important matters. These questions could be dealt with in detail at the next meeting of Cabinet.

The nine countries participating in the London Conference had been the United Kingdom, the United States, France, the Federal Republic of Germany, the three Benelux countries, Italy and Canada. The Canadian objectives had been,

(a) that NATO should be maintained and strengthened as the chief organ of Western collective defence and that the new Brussels Treaty Organization should be tied as closely as possible to NATO;

(b) that the Atlantic Community should remain the framework for co-operation in the non-military fields and that progress toward closer European unity should be made within this larger framework;

(c) that the interests of the other NATO countries not represented at the Conference should not be overlooked, and that adequate provision should be made for consideration by NATO of the conclusions of the Conference; and,

(d) that every effort should be made to find a solution acceptable to the countries most directly concerned (i.e. the former E.D.C. countries), provided it met the foregoing points.

In many ways the Conference had been difficult, not only because strong personalities with conflicting views had participated but also because some very important problems had been settled in the short period of five days. The Conference had nearly broken down on a few occasions over such matters as the re-arming of Germany and what some participants considered unreasonable obstinacy on the part of Mr. Mendes-France with regard to relatively unimportant matters. He felt perhaps, this was too harsh a judgement. In order to obtain the support of the French Assembly, which had subsequently been forthcoming, Mr. Mendes-France perhaps believed he had to adopt a more rigid attitude towards the other participants in the Conference, and particularly towards Germany, than might otherwise have been necessary.

Eventually, however, the more important problems had been solved. Of all the concessions made France's was perhaps the greatest in finally agreeing to the acceptance of West Germany as a full member of NATO. Chancellor Adenauer had

also made a substantial concession in agreeing that West Germany would not manufacture atomic, chemical or biological armaments. Another major concession, and an important departure from traditional British policy, was the U.K's decision to maintain troops on the Continent of Europe for the life of the Brussels Treaty. Mr. Eden had been an excellent chairman and had conducted the meetings with remarkable skill. It was understood that he had experienced considerable difficulty in convincing some members of the U.K. government including the Prime Minister, to agree to the decision on maintenance of troops. Once the decision had been taken, however, Mr. Churchill had been most helpful in bringing about a meeting of minds between participants in the Conference, particularly between Mr. Mendes-France and Chancellor Adenauer. The decision, apparently, had been well received by the British public. The only dissenting voice had been the Beaverbrook controlled press.

The decisions of the London Conference were contained in the Final Act signed by the nine Foreign Ministers on October 3rd.[63] This Act was divided into six main parts:

Part I recorded the decision of the U.S. the U.K. and France to end the occupation régime in the German Federal Republic as soon as possible, to revoke the Occupation Statute and to abolish the Allied High Commission, retaining their special powers only with respect to those obligations under the Potsdam Agreement which they could not relinquish prior to a final German peace treaty.

Part II outlined the arrangements to allow Germany and Italy to accede to the Brussels Treaty and to give the Brussels Treaty Organization increased powers and responsibilities in controlling the levels of forces of all its members and the armaments production of its continental members (the levels of forces were to be controlled by fixing maximum levels which could be increased only by unanimous consent; armaments production was to be controlled by a special agency set up under the authority of the Brussels Treaty Council).

Part III referred to assurances made during the Conference by the U.S. (to continue its support for European unity), by the U.K. (to maintain its present forces on the continent of Europe), and by Canada (to discharge the continuing obligations arising out of its membership in NATO and to support the objective of European unity).

Part IV recorded the decision of the Conference to recommend to NATO that the German Federal Republic be invited to become a member and that the NATO machinery be reinforced to give SACEUR greater control over the forces on the Continent under his command (including powers of inspection to check the level and effectiveness of these forces).

Part V contained a declaration by the German Federal Republic to refrain from any action inconsistent with the strictly defensive character of the North Atlantic

[63] Pour la documentation sur l'Acte final de la Conférence de Londres, notamment la déclaration tripartite sur l'Allemagne, voir/For documentation on the Final Act of the London Conference, including the Tripartite declaration on Germany, see United States, Department of State, *Bulletin*, Volume XXXI, No. 798, October 11, 1954, pp. 515-28.

Treaty and the Brussels Treaty and a joint declaration in reply by the U.S. the U.K. and France with which the three powers intend to invite the association of the other NATO countries.

Part VI outlined the procedure to obtain approval for and to implement these decisions.

The procedure called for a meeting of the four Foreign Ministers, on the question of German sovereignty followed by a meeting of the nine Foreign Ministers, which would take place in Paris the following Thursday. The decisions of the London Conference would then be submitted to a special meeting of the NATO Council on Friday, October 22nd. If approved, the protocol of accession of Germany to NATO and the other relevant documents would be submitted to the governments of the NATO and Brussels Treaty countries for ratification. Insofar as Canada was concerned, all the required measures could probably be taken by governmental action except the protocol of accession of Germany to NATO, which should perhaps be submitted to Parliament for approval prior to ratification.

Although it would be difficult, presumably, for Canadian ratification to be given much before the end of January, 1955, there seemed to be a general desire to obtain the required ratifications from all countries before the end of the year, so as to avoid any internal political difficulties that Mr. Mendes-France might have to face if final disposition of the matter were delayed unduly. Early disposition would also be helpful to Chancellor Adenauer, who had to face a hostile and increasingly powerful socialist party in West Germany.

18. *Mr. Pearson* also referred to the statement made by Mr. Vyshinsky at the United Nations on September 30th, when introducing a Soviet resolution on disarmament. This resolution was, in reality, a belated response to the Anglo-French resolution on disarmament, which had been made during the course of meetings of the Sub-Committee of the Disarmament Commission of the United Nations the previous summer. Although, superficially, the Soviet resolution appeared to go a long way towards meeting the views of Western members of the U.N. on disarmament, it would be examined critically to ascertain whether in fact it provided a practical framework for international disarmament. He added that the Minister of National Health and Welfare was introducing that day a Canadian resolution on disarmament.[64] This was being presented by the Canadian delegation as a member of the Sub-Committee of the Disarmament Commission because, for a variety of reasons, it had not been possible to obtain, as had been hoped earlier, a joint resolution by four of the five members of the Sub-Committee (U.K., U.S., U.S.S.R., France and Canada). When submitting the resolution, however, Mr. Martin would invite other members of the Sub-Committee to associate themselves with the resolution and it was understood that the U.K., the U.S. and France would then do so.

The Minister said further, that the fifteen countries which had participated in the United Nations police action in Korea were now attempting to draft an agreed report on the Geneva Conference. Some difficulty had been caused, however, by the U.S. supported South Korean contention that the report should refer to commu-

[64] Voir/See Document 150.

nist aggression and not simply to aggression. The U.S. and South Korea also held the view that elections in Korea should be supervised by the United Nations. It was clear that this might not be acceptable to the Chinese, since they were not U.N. members. In the circumstances, other countries engaged in the preparation of this report were generally prepared to agree that the Korean elections be supervised by any impartial international body that was acceptable to the United Nations. It was hoped that the U.S. would eventually come around to this view.

19. *The Cabinet* noted with approval the reports by the Secretary of State for External Affairs on the London Nine-Power Conference on Germany, the Canadian resolution on disarmament recently introduced at the General Assembly of the United Nations and the preparation of an agreed report concerning the Geneva Conference on Korea, and deferred final decision on various matters arising out of the London Conference, on Germany pending further consideration at a meeting to be held the following Tuesday, October 19th.

...

348. PCO

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

Memorandum to Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 224-54 Ottawa, October 18, 1954

SECRET

NATO AND GERMANY

At the Nine-Power Conference held in London from September 27 to October 3, agreement was reached on principles to govern the association of the German Federal Republic with the West and on measures designed to obtain a German defence contribution with necessary safeguards. Although the decisions reached at London do not commit all the participating countries to the same extent, they are nevertheless of interest to all the NATO members. All these decisions form part of a single settlement which represents a delicate international compromise which could easily be upset by any undue insistence on purely national interests by any participant, including Canada.

2. The Final Act signed at London envisages three interrelated measures: termination of the occupation régime and restoration of full sovereignty to the German Federal Republic; admission of the Federal Republic and Italy to the Brussels Treaty Organization; and admission of the Federal Republic to NATO. At the same time, the machinery and functions of both NATO and the Brussels Treaty Organization are to be reinforced in order to provide adequate safeguards against any misuse of German rearmament. The Brussels Treaty Powers will set by special agreement the maximum levels for their forces on the Continent. However, NATO will continue to determine year by year the force goals of all its members, and the ceilings

set by the Brussels Treaty Organization will not be reviewed or altered unless the force goals recommended by NATO for any particular year conflict with them.

3. To NATO will be given the function of inspecting the levels and effectiveness of the forces under the Supreme Commander on the Continent and authority to ensure that these forces are not used except with the approval of the appropriate NATO authorities.

4. To the Brussels Treaty Organization will be given the function of controlling the levels of armaments to be produced by its members on the Continent, these levels to be based on the requirements of the forces approved by NATO.

5. An additional safeguard is contained in declarations by the German Federal Republic and by the Three Powers, designed to ensure that the Federal Republic never has recourse to force to achieve the re-unification of Germany or the modification of present boundaries.

6. Since the end of the London Conference, working groups in Paris have prepared certain documents to give effect to the various parts of the Final Act. These documents will be submitted, first to a meeting of the nine Foreign Ministers in Paris on October 21, and then to a Ministerial Meeting of the North Atlantic Council on October 22, both of which I shall attend. The following three of these documents are of direct concern to Canada and decisions are required on them:

(i) a resolution whereby members of NATO other than the United Kingdom, the United States and France will associate themselves with the Three-Power declaration on Germany and Berlin;

(ii) a protocol to provide for the accession of the Federal German Republic to the North Atlantic Treaty;

(iii) a resolution on the reinforcement of the NATO military machinery (including the amendment to SACEUR's terms of reference).

I. *Association with Three-Power Declaration on Germany*

7. Canada and other NATO countries have been invited to associate themselves with the Joint Declaration of the United States, France and the United Kingdom which in essence acknowledges the solemn pledges of the Federal Republic, never to have recourse to force to achieve the reunification of Germany or the modification of the present boundaries of the Federal Republic; reaffirms the resolve of the Three Powers to discharge the obligations contained in Article 2 of the United Nations Charter; and underlines their agreed existing policy with respect to a final German settlement, the reunification of Germany, and Berlin. The text of this declaration, and of the accompanying one by the Federal Republic, is attached as Annex "A". In addition, by way of a warning to the Federal Republic, the Three Powers agree to regard as a threat to their own peace and safety any recourse to force in violation of the principles of the United Nations Charter and pledge themselves to take appropriate action against the offending Government.

8. The association of other NATO members with the Declaration, in the form of a simple resolution of the Council (draft on which is attached as Annex "B"), to be released as a communiqué, is designed to enhance and widen the importance of the Declaration and to establish a close link in the public mind (particularly in France)

between the admission of Germany to NATO and the attitude of the Three Powers towards any act in violation of the peaceful and defensive purposes of the North Atlantic Treaty. It is not intended that the act of association should modify in any way the obligations and commitments of the associating countries which exist by virtue of their membership in NATO. Nor is it intended to involve any derogation or alteration of the special rights and obligations of the Three Powers with respect to such matters as an all-German settlement and the security and welfare of Berlin resulting from the Postdam Agreement of 1945.

9. The principles enunciated in the Joint Declaration are in my view in accord with existing Canadian policy as expounded in the North Atlantic Council and other international forums. The association of Canada with this Declaration would have a good effect on public opinion both at home and abroad and would not involve any modification in the commitments or obligations which already exist by virtue of our membership in the North Atlantic Treaty.

10. In the light of the above considerations it is recommended that:

(a) approval be given to the association of Canada with the Joint Declaration as contained in the Final Act of the Conference;

(b) in associating ourselves with the Declaration the Canadian representative at the Ministerial Meeting of the North Atlantic Council should reaffirm our view, either individually or jointly with other representatives, that association with the Joint Declaration would neither involve any alteration in existing commitments or obligations under NATO, nor entail any derogation or modification of the rights and obligations of the Three Powers under the Potsdam Agreement.

II. *Protocol on the Accession of the German Federal Republic to the North Atlantic Treaty*

11. The draft protocol is attached to this memorandum as Annex "C". The substance paragraphs of the protocol employ the same language as was used in the protocol of 1951 on the accession of Greece and Turkey. The effect, when all the members of NATO have ratified it, will be to authorize the issuance of an invitation to the Federal Republic of Germany to accede to the North Atlantic Treaty.

12. It is assumed that, early in the forthcoming session of Parliament, both Houses will be given an opportunity to approve the protocol, by resolutions, prior to the deposit of an instrument of ratification by Canada. However, in the unlikely event that all the other members of NATO ratify the protocol before January and that Canada is holding up the accession of Germany to NATO, it may be necessary for Cabinet to reconsider the question of prior Parliamentary approval. This however need not to be decided at the moment.

13. *it is recommended* that authority be granted for the signature of the protocol on behalf of Canada by me, or by the Permanent Representative of Canada to the North Atlantic Council (Mr. L.D. Wilgress), or by both of us, and that an appropriate Order in Council is issued forthwith.

III. *Resolution on the Reinforcement of the NATO Military Machinery*

14. Part IV of the Final Act of London contained recommendations on the measures that were considered desirable, in connection with the admission of the Ger-

man Federal Republic to NATO, to enable the Organization to retain effective control over the forces placed under the Supreme Allied Commander on the Continent of Europe. The text of the relevant excerpt from the Final Act is attached as Annex "D". These recommendations have now been amplified by the NATO Working Group in Paris and are embodied in a draft resolution which will be submitted for approval to the forthcoming Ministerial Meeting. The text of this resolution is attached as Annex "E".

15. The main features of the plan now recommended, which if approved will necessitate the amendment of SACEUR's terms of reference, are the following:

(i) Acceptance by any Brussels Treaty Power of force goals, arising out of the NATO Annual Review, higher than the limits set by the Brussels Treaty Organization will be subject to unanimous approval by the Brussels Treaty Powers.

(ii) All forces of NATO countries in the area of Allied Command Europe will be placed under the authority of SACEUR, with the exception of forces for the defence of overseas territories and certain other forces to be specified.

(iii) The location of combat forces under SACEUR in the area of Allied Command Europe will be determined in agreement with the national authorities concerned and these forces will not be moved without the consent of the appropriate NATO authorities.

(iv) Integration at the army group and tactical air force level will be the rule, provided there are no overriding objections from the point of view of military effectiveness, and integration at lower levels will be achieved whenever military efficiency permits.

(v) SACEUR's responsibilities and powers for the logistic support of his forces will be extended to include the establishment of logistic requirements, priorities, and distribution and the co-ordination of infrastructure facilities for logistic purposes.

(vi) SACEUR will be granted increased authority to obtain, through reports and inspections, information about the forces placed under him, including reserve formations and their logistic support, within the area of his command.

(vii) SACEUR, with the approval of the NATO military authorities, will designate a high-ranking officer to transmit regularly to the Brussels Treaty Council the information relating to the forces of the Brussels Treaty Powers obtained through these reports and inspections.

(viii) The term "area of Allied Command Europe" will not include North Africa and will not alter the present status of United Kingdom and United States forces in the Mediterranean.

16. In general these measures should not cause Canada any special difficulty. All our forces in Europe are already assigned to SACEUR and are integrated at the army group and tactical air force level. The deployment of these forces has been agreed after consultation between SACEUR, ourselves and the host countries, and we would not wish to redeploy them without the consent of the appropriate NATO authorities. If there are proposals for integration at lower levels we shall have to ensure that they will not involve any alteration in the present organization of the

brigade or air division. By agreeing to the present resolution, however, we do not commit ourselves in advance to accepting any particular proposals.

17. Since the logistic support of our forces in Europe is already integrated with that of either the United Kingdom or the United States, any new arrangements arising out of SACEUR's extended powers in this field will affect Canada only insofar as they affect the United Kingdom and the United States. It may be that the measures for increased integration of forces and of logistic arrangements will entail some increases in commonly financed items of expenditure such as infrastructure. If this proves to be the case, specific proposals will be submitted to the appropriate NATO bodies for consideration in the normal way. It is premature to attempt at this juncture to determine what these proposals might be and we shall of course retain the right to accept, reject or modify them when and if they come up for consideration.

18. *It is recommended* that authority be granted for approval of this resolution on behalf of Canada.

19. *It is further recommended* that I be authorized to accept at the forthcoming Ministerial Meeting minor amendments to the protocol and the resolutions noted above provided:

(i) that they are generally acceptable to the other NATO members;

(ii) that they are in consonance with the spirit of the Final Act of London; and

(iii) that they do not affect Canada's interests adversely.

20. There are three other related matters on which Cabinet may wish to be informed though no decisions are necessary at this time concerning them:

(i) Discussions are proceeding in Bonn between the United Kingdom, the United States and France, as occupying powers, and the German Federal Republic, on the arrangements that will be necessary, once the Occupation Statute has been revised and the Allied High Commission abolished, to provide for the status of forces in Germany and other related questions dealt with in the Bonn Conventions. The Canadian Embassy in Bonn has been kept informed of developments by the United Kingdom High Commission and is concerned with ensuring that Canadian interests (arising out of the presence in Germany of the First Canadian Infantry Brigade Group and the First Canadian Air Division) are protected. A report on the proposed arrangements will probably be made to the forthcoming Ministerial Meeting by the Three Powers.

(ii) The draft protocol to the Brussels Treaty establishing an agency for the control of armaments contains the following provision: "The Brussels Council shall transmit to the agency the information it has received from the Governments of the United States and Canada with respect to the military aid to be distributed between the continental members of the Organization." This provision should not require any substantial alteration in the procedure for allocation of Canadian Mutual Aid. It would merely mean that, after the usual recommendations for allocation had been received from the Standing Group, we would inform the Brussels Treaty Council as well as the Brussels Treaty countries themselves of any arms or equipment allocated to them.

(iii) Although there is no explicit mention of it in the London Act, it is generally assumed that the reinforcement of the NATO machinery that is envisaged will probably involve some tightening up of the Annual Review procedure in the direction of making the yearly negotiation of force goals a more truly multilateral exercise. At present NATO countries decide first what they will do and then notify this to NATO through the Annual Review process, and force goals are fixed accordingly. The recommendations made during the Review, unless they are accepted by the countries to which they are directed, have the status merely of NATO Secretariat proposals. If this procedure remains entirely unchanged, the German Federal Republic may choose to set its own force goals at levels that will be in conflict with the maximum levels set by the Brussels Treaty Organization. We may therefore expect a move to modify the Annual Review procedure so that recommendations to member countries would become, like the rest of the matters dealt with in the Annual Review Report, the subject of general discussion and agreement in the Annual Review Committee. I think we should acquiesce in such a move.[65]

L.B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

Annexe A

Annex A

DECLARATION BY THE GERMAN FEDERAL GOVERNMENT AND JOINT DECLARATION BY THE GOVERNMENTS OF FRANCE, UNITED KINGDOM AND UNITED STATES OF AMERICA

The following declarations were recorded at the Conference by the German Federal Chancellor and by the Foreign Ministers of France, United Kingdom and United States of America.

DECLARATION BY GERMAN FEDERAL REPUBLIC

The German Federal Republic has agreed to conduct its policy in accordance with the principles of the Charter of the United Nations and accepts the obligations set forth in Article 2 of the Charter.

Upon her accession to the North Atlantic Treaty and the Brussels Treaty, the German Federal Republic declares that she will refrain from any action inconsistent with the strictly defensive character of the two treaties. In particular the German Federal Republic undertakes never to have recourse to force to achieve the reunification of Germany or the modification of the present boundaries of the German Federal Republic, and to resolve by peaceful means any disputes which may arise between the Federal Republic and other States.

DECLARATION BY THE GOVERNMENTS OF UNITED STATES OF AMERICA, UNITED KINGDOM AND FRANCE

[65] Les recommandations contenues dans cette note de service ont été approuvées par le Cabinet le 19 octobre 1954.
The recommendations in this memorandum were approved by Cabinet on October 19, 1954.

The Governments of the United States of America, the United Kingdom of Great Britain and Northern Ireland and the French Republic.

Being resolved to devote their efforts to the strengthening of peace in accordance with the Charter of the United Nations and in particular with the obligations set forth in Article 2 of the Charter.

(i) to settle their international disputes by peaceful means in such a manner that international peace and security and justice are not endangered;

(ii) to refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any State, or in any other manner inconsistent with the purposes of the United Nations;

(iii) to give the United Nations every assistance in any action it takes in accordance with the Charter, and to refrain from giving assistance to any State against which the United Nations take preventive or enforcement action;

(iv) to ensure that States which are not Members of the United Nations act in accordance with the principles of the Charter so far as may be necessary for the maintenance of international peace and security.

Having regard to the purely defensive character of the Atlantic Alliance which is manifest in the North Atlantic Treaty, wherein they reaffirm their faith in the purposes and principles of the Charter of the United Nations and their desire to live in peace with all peoples and all Governments, and undertake to settle their international disputes by peaceful means in accordance with the principles of the Charter and to refrain, in accordance with those principles, from the threat or use of force in their international relations.

Take note that the German Federal Republic has by a Declaration dated October 3rd accepted the obligations set forth in Article 2 of the Charter of the United Nations and has undertaken never to have recourse to force to achieve the reunification of Germany or the modification of the present boundaries of the German Federal Republic, and to resolve by peaceful means any disputes which may arise between the Federal Republic and other States:

Declare that

1. They consider the Government of the Federal Republic as the only German Government freely and legitimately constituted and therefore entitled to speak for Germany as the representative of the German people in international affairs.

2. In their relations with the Federal Republic they will follow the principles set out in Article 2 of the United Nations Charter.

3. A peace settlement for the whole of Germany, freely negotiated between Germany and her former enemies, which should lay the foundation of a lasting peace, remains an essential aim of their policy. The final determination of the boundaries of Germany must await such a settlement.

4. The achievement through peaceful means of a fully free and unified Germany remains a fundamental goal of their policy.

5. The security and welfare of Berlin and the maintenance of the position of the Three Powers there are regarded by the Three Powers as essential elements of the

peace of the free world in the present international situation. Accordingly they will maintain armed forces within the territory of Berlin as long as their responsibilities require it. They therefore reaffirm that they will treat any attack against Berlin from any quarter as an attack upon their forces and themselves.

6. They will regard as a threat to their own peace and safety any recourse to force which in violation of the principles of the United Nations Charter threatens the integrity and unity of the Atlantic alliance or its defensive purposes. In the event of any such action, the three Governments, for their part, will consider the offending government as having forfeited its rights to any guarantee and any military assistance provided for in the North Atlantic Treaty and its protocols. They will act in accordance with Article 4 of the North Atlantic Treaty with a view to taking other measures which may be appropriate.

7. They will invite the association of other member States of the North Atlantic Treaty Organisation with this Declaration.

Annexe B

Annex B

CONFIDENTIAL

DRAFT RESOLUTION PREPARED BY NATO WORKING PARTY TO PROVIDE FOR ASSOCIATION OF OTHER NATO COUNTRIES WITH THE JOINT DECLARATION CONTAINED IN THE FINAL ACT OF THE LONDON CONFERENCE

"The North Atlantic Council,

Welcoming the declaration made in London by the Government of the Federal Republic of Germany on 3rd October, 1954 (Annex A), and the related declaration made on the same occasion by the Governments of the United States of America, the United Kingdom of Great Britain and Northern Ireland and the French Republic (Annex B),

Notes with satisfaction that the representatives of other parties to the North Atlantic Treaty have, on behalf of their governments, today associated themselves with the aforesaid declaration of the three powers."

Annexe C

Annex C

CONFIDENTIAL

DRAFT PROTOCOL ON THE ACCESSION OF THE FEDERAL REPUBLIC OF GERMANY TO THE NORTH ATLANTIC TREATY

The parties to the North Atlantic Treaty signed at Washington on 4th April, 1949,

2. Being satisfied that the security of the North Atlantic area will be enhanced by the accession of the Federal Republic of Germany to that treaty, and

3. Having noted that the Federal Republic of Germany has by a declaration dated 3rd October, 1954, accepted the obligations set forth in Article 2 of the Charter of the United Nations and has undertaken upon its accession to the North Atlantic Treaty to refrain from any action inconsistent with the strictly defensive character of that treaty, and

4. Having further noted that all member governments have associated themselves with the declaration made by the Governments of the United States of America, the United Kingdom of Great Britain and Northern Ireland and the French Republic on the same date in connection with the aforesaid declaration of the Federal Republic of Germany.

Agree as follows:

Article 1.

Upon the entry into force of the present protocol, the Government of the United States of America shall on behalf of all the parties communicate to the Government of the Federal Republic of Germany an invitation to accede to the North Atlantic Treaty. Thereafter the Federal Republic of Germany shall become a party to that treaty on the date when it deposits its instrument of accession with the Government of the United States of America in accordance with Article 10 of the Treaty.

Article 2.

The present protocol shall enter into force when each of the parties to the North Atlantic Treaty has notified to the Government of the United States of America its acceptance thereof. The Government of the United States of America shall inform the other parties to the North Atlantic Treaty of the date of the receipt of each such notification and of the date of the entry into force of the present protocol.

Article 3.

The present protocol, of which the English and French texts are equally authentic, shall be deposited in the archives of the Government of the United States of America. Duly certified copies thereof shall be transmitted by that government to the governments of the other parties to the North Atlantic Treaty.

In faith whereof the undersigned representatives duly authorized thereto by their respective governments have signed the present protocol.

Annexe D

Annex D

TEXT OF PART IV OF THE FINAL ACT OF LONDON

The powers present at the Conference which are members of NATO agreed to recommend at the next ministerial meeting of the North Atlantic Council that the Federal Republic of Germany should forthwith be invited to become a member.

They further agreed to recommend to NATO that its machinery be reinforced in the following respects:

(a) All forces of NATO countries stationed on the Continent of Europe shall be placed under the authority of SACEUR, with the exception of those which NATO has recognised or will recognise as suitable to remain under national command.

(b) Forces placed under SACEUR on the Continent shall be deployed in accordance with NATO strategy.

(c) The location of such forces shall be determined by SACEUR after consultation and agreement with the national authorities concerned.

(d) Such forces shall not be redeployed on the Continent nor used operationally on the Continent without his consent, subject to appropriate political guidance from the North Atlantic Council.

(e) Forces placed under SACEUR on the Continent shall be integrated as far as possible consistent with military efficiency.

(f) Arrangements shall be made for the closer co-ordination of logistics by SACEUR.

(g) The level and effectiveness of forces placed under SACEUR on the Continent and the armaments and equipment, logistics, and reserve formations of those forces on the Continent shall be inspected by SACEUR.

Annexe E

Annex E

SECRET

"The North Atlantic Council:

1. Recognising the necessity of strengthening the structure of the North Atlantic Treaty Organization and of reinforcing the machinery for the collective defence of Europe and desirous of specifying the conditions governing joint examination of the defence effort of member countries:

2. Recalls that:

(a) The resources which member nations intend to devote to their defence effort as well as the level, composition and quality of the forces which the member nations are contributing to the defence of the North Atlantic area are each year subject to collective examination in the NATO annual review for the purpose of reaching agreement on force goals, taking into account expected mutual aid;

(b) The defence expenditures incurred by the member nations and the extent to which the recommendations emerging from the annual review have been carried out are the subject of periodical review during the year.

3. Agrees that with respect to the forces which the Brussels Treaty powers will place under NATO Command on the mainland of Europe, and for which maximum figures have been established in a special agreement concluded between these powers and agreed by the North Atlantic Council, if at any time during the NATO annual review recommendations are put forward, the effect of which would be to increase the level of forces above the limits established in this special agreement, the acceptance by the country concerned of such recommended increases shall be

subject to unanimous approval by the Brussels Treaty powers, expressed either in the Brussels Treaty Council or in NATO.

4. Decides that all forces of member nations stationed in the area of the Allied Command Europe shall be placed under the authority of SACEUR or other appropriate NATO Command and under the direction of the NATO military authorities with the exception of those forces intended for the defence of overseas territories and other forces which NATO has recognised or will recognise as suitable to remain under national command.

5. Invites member nations to make an initial report for consideration and recognition by the Council on those forces which they plan to maintain within the area of Allied Command Europe for the common defence, but not to place under the authority of NATO, taking into account the provisions of relevant NATO directives bearing on that subject; the initial report will include a broad statement of the reason for which the above forces are not so placed. Thereafter if any changes are proposed Council action on the NATO annual review will constitute recognition as to the suitability and size of forces to be placed under the authority of the appropriate NATO Command and those to be retained under national command.

6. Notes that the agreements concluded within the framework of the Brussels Treaty Organization of the internal defence and policy forces which the member countries of that organization will maintain on the mainland shall be notified to the North Atlantic Council.

7. Agrees, in the interest of most effective collective defence, that in respect of combat forces in the area of Allied Command Europe and under SACEUR;

(a) All deployments shall be in accordance with NATO strategy;

(b) The location of forces in accordance with NATO operational plans shall be determined by SACEUR after consultation and agreement with the national authorities concerned;

(c) Forces under SACEUR and within the area of Allied Command Europe shall not be redeployed or used operationally within that area without the consent of SACEUR, subject to political guidance furnished by the North Atlantic Council, when appropriate, through normal channels.

8. Decides that:

(a) Integration of forces at army group and tactical air force level shall be maintained;

(b) In view of the powerful combat support units and logistic support organization at army level, integration at that level and associated air force level will be the rule, wherever formations of several nationalities are operating in the same area and on a common task, provided there are no overriding objections from the point of view of military effectiveness;

(c) Wherever military efficiency permits, in light of the size, location and logistic support of forces, integration at lower levels, both in the land and air forces, shall be achieved to the maximum extent possible;

(d) Proposals to the Council, indicating any increases in commonly financed items of expenditures, such as infrastructure, which might be entailed by the adoption of such measures, should be submitted by the NATO military authorities.

9. Agrees that, in order to improve SACEUR's capability to discharge his responsibilities in the defence of Allied Command Europe, his responsibilities and powers for the logistic support of the forces placed under this authority shall be extended.

10. Considers that these increased responsibilities and powers should include authority;

(a) To establish, in consultation with the national authorities concerned, requirements for the provision of logistic resources*

* By logistic resources should be understood all the material, supplies, installations and parts thereof necessary for the prolonged conduct of combat operations.

(b) To determine, in agreement with the national authorities concerned, their geographic distribution;

(c) To establish, in consultation with these authorities, logistic priorities for the raising, equipping and maintenance of units;

(d) To direct the utilisation, for meeting his requirements, of those portions of the logistic support systems made available to him by the appropriate authorities;

(e) To co-ordinate and supervise the use, for logistical purposes, of NATO common infrastructure facilities and of those national facilities made available to him by the national authorities.

11. Agrees that, in order to ensure that adequate information is obtained and made available to the appropriate authorities about the forces placed under SACEUR including reserve formations and their logistic support within the area of Allied Command Europe, SACEUR shall be granted increased authority to call for reports regarding the level and effectiveness of such forces and their armaments, equipment and supplies as well as the organization and location of their logistic arrangements. He shall also make field inspections within that area as necessary.

12. Invites nations to submit to SACEUR such reports to this end as he may call for from time to time; and to assist inspection within the area of Allied Command Europe by SACEUR of these forces and their logistic support arrangements as necessary.

13. Confirms that the powers exercised by SACEUR in peacetime extend not only to the organization into an effective integrated force of the forces placed under him but also to their training: that in this field, SACEUR has direct control over the higher training of all national forces assigned to his command in peacetime; and that he should receive facilities from member nations to inspect the training of those cadre and other forces within the area of Allied Command Europe earmarked for his command.

14. Directs the NATO military authorities to arrange for the designation by SACEUR of a high-ranking officer of his command who will authorized to transmit regularly to the Brussels Treaty Council information relating to the forces of the Brussels Treaty Powers on the mainland of Europe acquired as a result of the reports and inspections mentioned in paragraphs 11 and 12 in order to enable that

Council to establish that the limits laid down in the special agreement mentioned in paragraph 3 above are being observed.

15. Agrees that the expression "the area of Allied Command Europe" as used throughout this resolution shall not include North Africa; and that this resolution does not alter the present status of the United Kingdom and United States forces in the Mediterranean.

16. Directs the NATO Military Committee to initiate the necessary changes in the directives issued to SACEUR to give effect to the above policies and objectives of the North Atlantic Council."

349. DEA/50102-G-40

L'ambassadeur en République fédérale d'Allemagne au secrétaire d'État aux Affaires extérieures

Ambassador in Federal Republic of Germany to Secretary of State for External Affairs

TELEGRAM 301 Bonn, October 19, 1954

SECRET

Repeat Paris No. 82 (Immediate) for Stadacona and Canac; London No. 142. Please pass the following message to the Minister immediately on arrival.

When I saw Blankenhorn last night he said to me that there was one matter in which you could, if you agreed, be extremely helpful to the Chancellor. He went on to explain that the Germans envisaged that after the decision of the North Atlantic Council to admit Germany to NATO had been taken there would be further discussion in the Council of arrangements connected with the admission of Germany and in particular with the protocol to the treaty which would be necessitated by Germany's entry. The Germans very much hoped that at this second stage in the proceedings the Chancellor might be asked to take his place at the Council table. Blankenhorn's suggestion was that you might be prepared to further this development. He said that a similar procedure had been followed in the cases of Greece and Turkey and that their representatives had been invited to the Council at a comparable stage in the procedure for their admission. (I am not sure whether Blankenhorn's statement regarding Greece and Turkey is accurate, but I think from memory that it is.) Blankenhorn said that, of course, it would be perfectly clear that Germany's presence at the Council on this occasion would be purely provisional pending ratification of Germany's entry. He added that he did not anticipate that there would be much opposition to such a proposal. He thought in fact that several countries would be in favour and mentioned in particular the Belgians. I asked him whether the French had been sounded out on this proposal. He replied in the negative but said that he did not think they would object.

2. I told Blankenhorn that I would pass his message on to you but I of course did not commit you in any way. At the end of the conversation Blankenhorn said that

this was not a — "formal" request by the German Government but simply a suggestion.

3. No doubt if you feel disposed to take any action on this "suggestion", this would be much appreciated here and would be a good thing in terms of German-Canadian relations. On the other hand, I do not know how strong French opposition to the idea might be or what the general feeling in NATO circles on the subject would be. Blankenhorn will be accompanying the Chancellor to Paris if it is desired to get in touch with him.

4. Incidentally, you are aware that the Chancellor is leaving for the United States on October 26 to receive a degree at the Columbia University. There has been no suggestion of a visit to Canada on this occasion. My immediately following telegram† contains Blankenhorn's assessment of prospects for Franco-German negotiations and the Nine-Power conference.

350. L.B.P./Vol. 46

Note du sous-secrétaire d'État adjoint aux Affaires extérieures

Memorandum from Assistant Under-Secretary of State for External Affairs

SECRET [Ottawa], October 20, 1954

EXTENSION OF THE BRUSSELS TREATY ORGANIZATION

The details of the new Brussels Treaty Organization when it includes Germany and Italy, and the site of the Council are not matters on which Canada can easily intervene. They are nevertheless of very great interest to us because the manner in which they are solved is likely to have considerable effect on NATO.

2. Lord Ismay proposed on October 11 in a Note to the NATO Council that administrative arrangements be worked out which would provide for the primary authority of NATO over the Brussels Treaty Organization. He suggested specifically that "The national Permanent Representatives should be the same on both the NATO and Brussels Treaty Organization Councils, it being understood that when in permanent session, both Councils should be situated in Paris". Since this proposal was in accordance with the Canadian desire to see the primary authority of NATO asserted in both political and military matters, and also in order to assure the administrative efficiency of NATO, the Canadian Delegate supported Lord Ismay.

3. The French authorities, however, have indicated that they are in favour of a more or less autonomous status for the organization in NATO, and that they are not ready to accept Lord Ismay's proposals as they stand. In telegram No. 823 of October 16, 1954,† the Canadian Permanent Representative to the North Atlantic Council reported that "the French have shown an extreme sensibility to the publicity value of the proposed Brussels Treaty Organization." The intention of the French Government seems to be:

(a) to reconcile through a strengthening of the Brussels Treaty those elements in France which are opposed to Germany's admission into NATO. Through the BTO,

a hard core of guarantees against Germany within NATO, might make German participation in Western defence more palatable to French opinion.

(b) The French also wish to preserve the idea of European integration and, as Mr. Wilgress states: "In their mind, the BTO should be presented as the starting point or the nucleus of European integration."

4. With a view to implementing those two aims manifestly brought up for internal political consumption, the French intend to press for:

(a) strengthening of the Armament Control Commission

(b) separate representation on both Councils of BTO and NATO.

5. We are particularly concerned in this memorandum with the possible effects upon the structure of NATO of the strengthening of the Brussels Treaty Organization. We note that the present French proposals are such that close co-ordination between NATO and BTO will become extremely difficult. Although the French insisted that the first meeting of the Brussels Treaty Working Party be held in the Quai d'Orsay, they have apparently joined with most of the other Brussels Treaty countries in agreeing to London as the permanent site of the BTO.

6. Mr. Wilgress has now reported in telegram No. 1312 of October 18† that the Brussels Treaty countries are now pretty well agreed among themselves that the headquarters of the Council should be in London, while the Armaments Agency should be located in Paris. He adds that "in view of the political and psychological importance which most of the Brussels Treaty countries, and perhaps more particularly France, attach to the developing of a separate identity to the Brussels Treaty grouping within NATO, I assume that neither we nor the Americans would wish to press any countervailing arguments we might see in a Paris location."

7. There are strong political and administrative reasons why, it seems to us, the Brussels Treaty mechanism should be closely co-ordinated with that of NATO. The most important is clearly that two separate organizations in different capitals are going inevitably to duplicate a good deal of work and the efficiency of the defence of Western Europe may be impaired. From a political point of view, it is not improbable that the Brussels Treaty countries may, in order to protect their common interests, tend to unite within NATO as a kind of "inner circle" which could have a preponderant influence in the shaping of NATO policy. This would create a problem for Canada, which has inevitably tended towards allying itself within the Council with like-minded middle powers, such as Belgium and The Netherlands. These countries being members of the Brussels Pact, Canada would be left in the Council without its now natural allies. At such a junction we would have to look elsewhere for partners, such as Norway, Denmark, Turkey and Greece. A grouping of Canada, within NATO, with these countries, would lead in effect to the formation of three "blocs" in the Council: the Standing Group of the United Kingdom, United States and France; a nucleus of Brussels Powers; and a peripheral zone of influence consisting of Canada, Norway, Denmark, Iceland, Portugal, Greece and Turkey.

8. This situation within NATO has already been viewed with a certain amount of apprehension by Norway. Norway's natural reaction to the formation of this bloc of Brussels Powers has been to strengthen her ties with Canada by hinting at Canadian

participation in the Northern European Command. It seems that a re-grouping within NATO is already in preparation. We cannot help thinking that such a state of affairs might be prejudicial to the smooth working of NATO and to the unity of purpose of its members.

9. On the other hand, it should be recognized that there may be certain advantages in retaining London as the site of the Brussels Treaty Organization. In the first place, such a location would probably permit the United Kingdom to exert an influence on the policies of the Organization more in proportion to recent substantial British commitments to European defence than might be the case if the headquarters were in Paris. In the second place, a London site could serve to remind the British people of the increasingly important role which the United Kingdom will be playing in European affairs. Thirdly, if with London as the headquarters the United Kingdom were able to take a more active part in the work and deliberations of the Organization, this could serve to offset any strong German influence and thereby lessen French apprehensions of German predominance. Finally, there is, of course, the administrative convenience of retaining intact a headquarter which has already been established. In this connection, the Chairman, Chiefs of Staff, Lieutenant-General Foulkes, has expressed his preference for London since it would be probably easier to maintain close contact with the military aspects of the Organization through the Military Liaison Officers attached to Canada House.

10. In the light of the above considerations, it seems clear that there may be a good deal to be said both for and against the French proposals and the proposal to have the headquarters of the Organization in London. However, as far as Canada is concerned, I think we must agree with Mr. Wilgress that it would be difficult and inopportune for us to raise objections to the proposals agreed among the Brussels countries themselves.

R.A. M[ACKAY]

351. DEA/50110-A-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 853 Paris, October 22, 1954

CONFIDENTIAL

Reference: Our telegram No. 838 of October 19.
Repeat London No. 152. Passed to all NATO capitals and Bonn by bag.

NINE-POWER MEETING

As he had done the previous day for the four power meeting, Mr. Mendes-France proposed that Sir Anthony Eden chair the meeting. Sir Anthony first invited the Secretary General of NATO and the Secretary General of the Brussels Treaty

Organization to join in the deliberations of the conference. He also announced that the ceremony of signature of the four and nine power protocols would start at 2:45 p.m. on Saturday at the Quai d'Orsay.

2. The first item dealt with by the conference was the report of the four power's meeting. Sir Anthony simply reported that the four power meeting had agreed on the protocol terminating the occupation in the Federal Republic of Germany. Until Germany formally becomes a member of NATO, however, the right to station forces on German territory will be governed by a special convention which will only be signed by the four powers but which will be open to accession to countries maintaining forces in Germany. Sir Anthony, therefore, called for an immediate meeting of representatives of Canada, the Netherlands, and Belgium to discuss this point (see our telegram No. 847 of October 21).†

3. With regard to Item II on the agenda regarding the results of the Brussels Treaty working group in London, the following decisions were reached:

(1) Name of the organization. Although in London, Germany had suggested that the word "Western" be left out of the title "Council of Western European Union", the Chancellor did not press the point at the meeting. The Council will, therefore, be known as the Council of Western European Union.

(2) Voting procedure in the Council. The Belgians objected in London to a voting procedure based on the principle of unanimity. As Mr. Spaak did not find any support for a simple majority voting rule, the voting procedure provided for in the present protocol and based on unanimity remains unchanged.

(3) As you will recall, the London Final Act (paragraph 12, Section II) provides that the Council should report to the delegates of the seven powers of the Brussels Treaty of the Consultative Assembly of the Council of Europe. As there was considerable doubt in the London working group as to the exact meaning of this provision, the matter came up for rather lengthy discussion at the Ministerial meeting. It finally emerged that the delegates of the seven powers to the Consultative Assembly of the Council of Europe would constitute a small ad hoc assembly to which the Council of the Western European Union will submit an annual report on its activities. Council reports will not only deal with military matters but shall touch upon all the other activities of the Council including cultural and social activities. The French, Belgian, Dutch and United Kingdom Foreign Ministers favoured this arrangement rather than the Italian suggestion which would have linked the Council with the Consultative Assembly of the coal and steel community.

(4) On the general question of relationship between NATO and Western European Union raised particularly by Lord Ismay's memorandum, Mr. Dulles introduced the following text which was accepted without discussion: "Recognising the undesirability of duplicating the military staffs of NATO, the Council and its agency will rely on the appropriate military authorities of NATO for information and advice on military matters."

(5) It was also decided that the seat of the Council would be in London, while the armaments agency will be stationed in Paris.

4. Point 4 of the agenda relating to a declaration inviting Italy and the Federal Republic of Germany to accede to the Brussels Treaty presented no difficulty and was readily accepted.

5. The conference then considered each of the four protocols on the Brussels Treaty. As these protocols deal with matters of indirect interest to Canada as a non-Brussels Treaty power, I shall only dwell briefly on the main points that were discussed. On Protocol II dealing with the forces of the Western European Union, a prolonged discussion took place on the table of forces mentioned in Article I. The Chancellor took exception to the number of divisions mentioned in the table on the ground that one could arrive at a different set of figures if calculation was made on the basis of effective strength rather than on the basis of the formula suggested by Article I. Mendes-France on the other hand insisted that for political reasons the number of divisions and aircraft agreed upon in the EDC special agreement be included in the protocol. A new Article I will be redrafted which will refer to the special agreement to the EDC Treaty without, however, giving the exact figures contained in that agreement.

6. A prolonged discussion took place on Protocol III regarding the control of armaments. The Dutch Foreign Minister took exception to the list of weapons which the French want to fall under the control of the agency, on the ground that it would present a departure from the general principle adopted in London. In the face of the determined opposition of Mr. Adenauer and Mr. Beyen, Mendes-France agreed to reduce the list of weapons contained in Annex 4. He only gave way, however, on the control of machines specifically designed to manufacture arms on the condition that the matter would be referred for further study to the proposed Commission on Armament Production and Standardization.

7. Protocol IV of the agency led to a discussion regarding the appointment of the director of the agency. In order to emphasize and insure his independence, it was finally agreed that the tenure of the Director's office would be lengthened to five years and that in addition he will not be re-eligible. An interesting change took place on Article 22 dealing with foreign military aid between Mr. Mendes-France and Mr. Dulles. In view of the special importance of the discussion for us, I am reporting on it separately.

8. Mr. Mendes-France's proposal to call for December 1st a seven power conference to study the problem of production and standardization of armaments with a view to setting up an armaments pool, led to sharp exchanges between the French Prime Minister and Mr. Beyen. Mr. Beyen warned that the controversial nature of the plan would, in his view, encourage delays in ratification and that it would be particularly unwise to decide on holding such a conference on December 1 when the London Agreements would be under consideration by most parliaments. (In the course of this discussion, the Italian Foreign Minister said that it would not be possible for the Italian Parliament, in view of constitutional requirements to ratify before next February). Mr. Mendes-France said that he had been under criticism in the Assembly for having failed to obtain a firm decision in London on this point. Politically it was important to him that the plan be under active consideration before the London Agreements came for ratification in the Assembly. Mr. Spaak

finally introduced a compromise solution which rallied general support. The London working group will be instructed to convene in Paris on 17th January, 1955 to study the French draft directives with a view to submitting proposals to the Council of Western European Union when it comes into being.

9. The meeting adjourned at 8:00 p.m. last night after having covered the whole agenda.

352. DEA/50102-G-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 858 Paris, October 23, 1954

CONFIDENTIAL

Repeat London No. 154. Passed to all NATO capitals and Bonn by bag.

FOURTEEN POWER CONFERENCE

The Ministerial meeting of the Council met at 3:15 p.m. yesterday, and covered its agenda in a relatively short time. The item relating to the results of the nine power meeting, more specifically the protocols to the Brussels Treaty, gave rise to some discussion. Prior to the meeting there were rumours that Norway and Denmark would question the protocol on forces of the Western European Union, and that Turkey would insist that a specific clause be included in the protocol modifying and completing the Brussels Treaty providing for the accession of other countries to the Brussels Treaty. In fact, although these interventions took place, their tone was moderate and need not give us any concern.

2. The Norwegian Foreign Minister said that Protocol 1 of the Brussels Treaty offered a difficulty for those countries which had not attended the nine power meeting. Article 1 referred to a special agreement annexed to the EDC Treaty, a document which had not been officially communicated to the other NATO countries. His government would therefore ask that the agreement in question be made available. Sir Anthony said that this document, although it had not been published, was known to most governments concerned, but if necessary, there should be no objection to formally communicating it to the NATO governments. The Chairman asked whether this suggestion was agreeable to the six EDC governments, and no objection being raised, it was decided that the text of the special agreement would be formally brought to the attention of the interested governments for their information.

3. With regard to the resolution instructing a working group to convene in Paris on January 17 to study the problem of production and standardization of armaments, Mr. Pearson suggested in order to avoid any duplication of work between NATO and the Western European Union, that this group should invite in due course

members of the Production and Logistics Division of the NATO international secretariat to assist the group in its task. This suggestion met general support, and was adopted. The Greek representative in supporting Mr. Pearson's suggestion, proposed that the working group should come under NATO, but this point was not taken up by the meeting.

4. The Turkish Foreign Minister made a general statement in which he praised the Big Four leaders for having successfully brought Germany into the western system of defence, and furthered the cause of European unity. He said that his government considered the Brussels Treaty in its new form as a foundation of European integration. He expressed the hope that the protocol providing for the accession of Germany and Italy to the Brussels Treaty would not be interpreted in such a way as to prevent other countries to accede to the Treaty. The eventual extension of the Brussels Treaty was predicated, however, upon the establishment of the closest co-operation between NATO and the Western European Union.

5. Upon an earlier suggestion made by the United Kingdom Foreign Secretary, the meeting considered the omnibus resolution on the results of the nine power meeting, mentioned in your telegram No. 775 of October 19, 1954.† Mr. Pearson said that in order to remove any impression that the results of the nine power conference weakened in any way Atlantic co-operation, the resolution should express confidence that the closest co-operation between NATO and the Western European Union would be established. He also hoped that the resolution would record the fact that NATO remains the foundation of the security and progress of the Atlantic community. A drafting group was convened during the meeting to work out a new text and the wording suggested in your telegram under reference was included in the new text. This text is being forwarded to you in the following telegram.†

6. We are reporting separately on the NATO items of the agenda.

353. DEA/50030-V-4-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 861 Paris, October 23, 1954

SECRET

Repeat London No. 156.

MINISTERIAL MEETING OF THE NORTH ATLANTIC COUNCIL ON OCTOBER 22

The Council completed the business on its agenda in short order and with few points causing difficult discussion. The atmosphere of complete agreement on all important points appeared somewhat unreal since everyone had in their minds the question, of which no mention was made, of the unresolved problem of the Saar. Up to the very end of the session, there was doubt whether there would be agree-

ment upon the release of the communiqué announcing that the various documents would be signed on the following day, but when the time came there was no objection. Presumably, Mendes-France believed that he and Adenauer could come to an understanding before the time for signature.

2. The first items on the agenda related to the Brussels Treaty and the various documents were those which had been approved by the nine power meeting the previous day. Several points of interest emerged in discussion of these documents, and we are reporting on these matters separately.

3. The first item of strictly NATO business was the resolution of association with the 3-power declaration of October 3. On this subject I made a brief statement which has been reported in the draft verbatim record as follows:

"Mr. Chairman.

My government welcomes the important and valuable declaration with regard to the future of Germany and the security and welfare of Berlin. The discharge by the three powers concerned of their special responsibilities in these matters has I think represented an important contribution to peace and security, and we should be grateful to them for that.

"My own government is not in a position to share in all these responsibilities, these special responsibilities, which flow from the Potsdam Agreement, but it fully endorses and associates itself with the declaration which has been made. We will do what we can, or should, to ensure that the objectives behind the declaration to which we subscribe are realized".

4. Similar declarations were made by the other countries concerned, some of whom made reference at the same time to the German Government's declaration also made on October 3 in London. Following these declarations the Council approved the resolution as drafted.

5. The Council then approved the protocol providing for the accession of Germany to NATO. In the course of his statement of this protocol, the Danish Minister referred to the problem of the Danish minority in Schleswig-Holstein, and his remarks were supported by Norway. It was agreed that the protocol should be signed at the Palais de Chaillot on Saturday at 4.30 p.m. following the signature at the Quai d'Orsay of the documents relating to German sovereignty and the various documents involving the present or prospective members of the Brussels Treaty Organization.

6. The Council agreed to hold its next ministerial session in mid-December, when the Chairman hoped that the military authorities would be able to present a preliminary report on the "new look study". The exact date will be determined later by the permanent council.

7. Under other business, Italy and Portugal made statements on Trieste and the Portuguese territories in India respectively. The Italian statement was unexceptionable, and the Portuguese statement added little to previous statements made in the permanent council but at the same time reiterated Portugal's intention if the situation should demand it of calling for consultation under Article 4.

8. Dulles, Mendes-France and Eden then made statements concerning the developments of the last few weeks. Dulles' remarks were notable for their skill, temperance and modesty, a very effective intervention.

9. Following an interval for drafting, the Council then approved an omnibus resolution along the lines which we have considered desirable concerning the collection of agreements recently worked out. Finally, an undistinguished but adequate communiqué was agreed with little discussion.

10. As all of these various documents are being issued to the press and will be available to you from other sources, we do not propose to send the texts by telegram.

354. DEA/50110-A-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 854 Paris, October 23, 1954

CONFIDENTIAL

Reference: Our telegram No. 853 of October 22.
Repeat London No. 153. Passed to all NATO capitals and Bonn by bag.

ARTICLE 22, PROTOCOL IV, REGARDING MILITARY AID PROVIDED BY THE UNITED STATES AND CANADA TO THE BRUSSELS TREATY POWERS

This matter came up for discussion at the end of the Ministerial meeting yesterday in a manner which caused us some surprise. Mr. Dulles said that he had been asked to give his opinion on a French proposal which he had just received. The other delegations were unaware of the contents of the paper which Mr. Dulles had before him.

2. Mr. Dulles proceeded to say that he could add nothing to what he had already said in London on this subject. It was quite natural that if the United States were making grants of military aid, they should also decide what happens to them. The United States did not wish to establish a formal consultation machinery which might prove cumbersome and result in delays in allocating the military aid which they were providing to their allies.

3. Mr. Pearson said that evidently a new proposal had been made, but unfortunately, he was unaware of its content.

4. Mr. Mendes-France said that in London he sought the acceptance of the same principle that had been agreed upon regarding EDC whereby foreign military aid would be assigned directly to the community and allocated according to the requirements of the member countries. Mr. Dulles, however, had been opposed to this as applied to the Brussels Treaty Organization although he (Mr. Mendes-France) was unaware that Mr. Pearson had voiced any objection at the time. For

this reason he had seen fit to seek the views of Mr. Dulles, and he wished to apologize for not having brought his new proposal to the attention of the Canadian Minister. The French Prime Minister then proceeded to explain that the ideal solution would be, of course, that the proposed agency assume the control of foreign aid, but failing this, there should at least be a procedure of consultation set up comparable to that which existed within the framework of OEEC regarding Marshall Plan aid and which enabled the discussion on a multi-lateral basis of the allocation of American aid to recipient countries.

5. Mr. Pearson, who had by then been given a copy of the French paper, said that as the proposal concerned American aid exclusively, there was no need for him to make comments at this stage.

6. The Dutch Foreign Minister said the allocation of foreign aid to the Brussels Treaty powers was a matter of common concern, and that if the matter was to be discussed further, it should not be confined to a dialogue between the United States and France, but the other powers concerned should be given an opportunity to make their views known.

7. Upon Mr. Mendes-France's insistence that Mr. Dulles give assurances that the United States would be prepared to reconsider the matter, the Secretary of State simply added that although the United States were eager to help in strengthening the agency, he could only say that they were opposed to piling-up administrative machinery as he was convinced that this would only defeat the purpose we all had in mind. When the agency had come into existence, if it became apparent that some sort of consultative machinery was essential for the efficiency of its operations, it would then be the time to reconsider the matter. Mr. Dulles said that he had no objection to his statement being included in the record if this was considered helpful. Mr. Mendes-France asked that the discussion of this point be reproduced in the conference minutes.

355. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], October 28, 1954

NORTH ATLANTIC TREATY ORGANIZATION AND GERMANY

53. *The Secretary of State for External Affairs*, referring to discussion at the meeting of October 19th, reported on the meetings of the nine foreign ministers and of the North Atlantic Council, which he had attended in Paris the previous week. Prior to these two meetings, there had been a meeting of the three Occupying Powers and the Federal Republic of Germany, at which final agreement had been reached on ending the occupation of the Republic, the restoration of its sovereignty and the status and interim financing of the troops remaining in Germany. An agreement supplementing the NATO Status of Forces Agreement was also being worked out

to deal with the privileges and immunities of foreign forces. The Nine-Power Conference had concluded successfully with the approval of protocols to the Brussels Treaty providing for the accession of the Federal Republic of Germany and Italy to the Treaty, the setting of maximum levels of the forces in Europe of the Treaty powers, and the establishment of an agency for the control of arms produced by the continental members of the Brussels Treaty. The Conference had also adopted, at the insistence of the French, a resolution to convene a working party of the Treaty powers to study the question of the production and standardization of armaments. From now on, the Brussels Treaty Organization would be known as the Western European Union.

The NATO Council had met and noted with approval the reports of the two previous meetings and itself approved the protocol providing for the accession of Germany to NATO, a resolution associating other NATO countries with the Three-Power Declaration on Germany and Berlin, a resolution on the reinforcement of NATO's military machinery, and a resolution to ensure the closest co-operation between the Western European Union and NATO. A convention on the presence of foreign troops in Germany had been agreed to and provision had been made whereby non-occupying powers having troops in the Federal Republic could accede to it. Appropriate financial arrangements had been made whereby the Federal Republic would contribute to the cost of the foreign forces in Germany for the interim period between the termination of this occupation and the entry of Germany into NATO and for a 12 month period thereafter. Towards the end of the meeting considerable apprehension had been created by the decision of the French Cabinet that Mr. Mendes-France was not to sign any document unless arrangements suitable to France with respect to the Saar had been made. After a good deal of difficulty and much hard work, such arrangements were concluded, largely due to the good offices of Sir Anthony Eden and the concessions made by Chancellor Adenauer. France was able to adhere to all the agreements which had been reached previously. The Western European Union headquarters would be established in London, the Armaments Control Organization, within the Union, in Paris, and the machinery for the inspection of forces would be provided by SACEUR under NATO.

It seemed likely that all the appropriate agreements and protocols would be ratified by the legislature of the NATO countries, but no steps would be taken by others until the French Parliament had placed its stamp of approval on the new agreements. There was no danger of Canada holding up Germany's accession to NATO by failure to ratify the protocol before January 15th. There would, in all probability, be no great difficulty about the Annual Review procedures, as it was no longer planned to make any substantial changes in them. On the other hand, the possibility still existed that there might, in the future, be minor changes of emphasis within the present procedures arising out of the arrangements accompanying the admission of Germany to NATO. In any case, none of the decisions being taken at this stage would prejudge what attitude Canada might adopt towards such changes when and if they did arise.

54. *In the course of discussion*, the following points emerged:

(a) The reaction of the Soviet Union to the events which had occurred in the last few weeks had been quite mild. The only card which the Russians could play in the circumstances was that of reunification of Germany, but this would have to be subject to free elections which it was quite clear that the Soviets would not concede. The Canadian Ambassador to Moscow had expressed the firm belief that the new Russian régime was anxious to avoid war. Its domestic propaganda dwelt largely on the possibility of improving the standard of living of the Russian people and did not appear to be indoctrinating them further with fears of the West nor preparing them for war.

(b) The new arrangements involved considerable risks, but there was no alternative than to accept those risks. Germany was growing stronger at a rapid rate and it was far better to have such a development take place within the framework of the Western European Union and the North Atlantic Treaty Organization than free from any foreign control. Already it was clear that the Germans would play an active part in the Union and in NATO.

(c) It seemed unfortunate that the C.B.C. broadcast from Paris on this general subject the previous evening had been so critical and pessimistic, and apparently at variance not only with Canadian views but with most shades of French opinion as well.

55. *The Cabinet* noted with approval the report of the Secretary of State for External Affairs on the meetings of the nine foreign ministers and of the North Atlantic Council concerning the integration of the Federal Republic of Germany with the Western European Community.

5e PARTIE/PART 5

PLANIFICATION DE LA DÉFENSE À VENIR
FUTURE DEFENCE PLANNING

356.

DEA/50030-AG-1-40

Le ministre de la Défense nationale
au secrétaire d'État aux Affaires extérieures

Minister of National Defence
to Secretary of State for External Affairs

TOP SECRET

[Ottawa], June 17, 1954

My Dear Colleague:

You will recall that on the 5th May, Mr. Wilgress reported in message No. 1382† on a meeting of the Council with the Standing Group held on April 30th. The Standing Group explained to the Council the procedure for processing the study by the Supreme Commanders on the capabilities planning, taking into consideration use of mass destruction weapons. This report gave the following outline:

July 1st—Results of the work of the Supreme Commanders to be sent to the Standing Group,

Sept 1st—U.K., U.S. and French Chiefs of Staff to examine and comment upon the Supreme Commanders' studies,

Oct 15th—The Standing Group to reconcile any conflicting views of the U.S., U.K., and French Chiefs of Staff that might emerge,

Oct 15th—The studies to be sent to the Military Committee (National Chiefs of Staff) through members of the Military Representatives Committee,

Dec 1st—The final reports to be ready for consideration by the Council.

This report was reviewed by the Chairman, Chiefs of Staff, who was alarmed at the suggested procedure whereby the results of the studies would be examined by the Standing Group for the months of July and August, and then sent to the U.K., U.S. and French Chiefs of Staff for their comments to the 15th of October, and then after the conflicting views of the U.S., U.K. and French Chiefs of Staff were reconciled, the paper would then be sent on to the other eleven Nations, presumably for concurrence.

General Foulkes has raised this matter at a special meeting with the Standing Group held on 7 June, 1954. I am attaching a copy of the Standing Group's report on these discussions.† As there were some private discussions held later between the Chairman of the Standing Group and General Foulkes, I am attaching also a report of these discussions.

I am sure that you will agree with me that the stand taken by the Chairman, Chiefs of Staff, represents the views of the Government and that we should be prepared to raise this matter in the Council should the Standing Group decide to ignore the representations of the Chairman, Chiefs of Staff.

I consider that this review of the shape and size of the forces in the future, taking into consideration the use of mass destruction weapons, is one of the most important military problems facing NATO, and that our experience in the past has shown that once the military authorities of U.S., U.K. and France have settled their differences, they secure governmental approval of their views and it is virtually impossible to have any change made.

I would suggest that Mr. Wilgress should be advised of these discussions and should be informed that they are fully endorsed by the Government and he should advise Lord Ismay of our views. It is suggested that in case the Standing Group do not agree to reconsider the procedure of handling the studies, that Mr. Wilgress be asked to take this matter up in the Council.

Yours sincerely,

BROOKE CLAXTON

[PIÈCE JOINTE/ENCLOSURE]

Compte rendu du président du Comité des chefs d'état-major
Report by Chairman, Chiefs of Staff Committee

TOP SECRET [Ottawa], June 17, 1954

REPORT OF GENERAL FOULKES ON HIS DISCUSSION WITH THE STANDING GROUP ON 7 JUNE 54 WITH REGARD TO THE PROCEDURE WHICH THE STANDING GROUP PROPOSE TO ADOPT IN PROCESSING THE STUDIES OF THE SUPREME COMMANDERS, PARTICULARLY THE STUDY UNDERTAKEN BY SHAPE, TO DETERMINE THE EFFECTIVE PATTERN OF NATO MILITARY STRENGTHS ON THE BASIS OF THE FORCES WHICH WERE ESTIMATED WOULD BE AVAILABLE IN 1957, TAKING INTO ACCOUNT THE EFFECT OF NEW WEAPONS

1. I referred to the report of the Standing Group meeting with the Council on 30 April. The report reads as follows:

"The Standing Group appreciated that the Council wished to move forward as rapidly as possible with this work. However, the Standing Group, on careful consideration, felt that it would not be possible to reflect the conclusions of the studies in the 1954 Annual Review. The best that could be hoped for was that the results could be included in whatever guidance would be issued for the 1955 Annual Review. At present, the Standing Group thought that the most optimistic timetable for completing the studies was as follows:

July 1st—Results of the work of the Supreme Commanders to be sent to the Standing Group.

Sept 1st—U.K., U.S. and French Chiefs of Staff to examine and comment upon the Supreme Commanders studies.

Oct 15th—The Standing Group to reconcile any conflicting views of the U.S., U.K., and French Chiefs of Staff that might emerge.

Oct 15th—The studies to be sent to the Military Committee (National Chiefs of Staff) through members of the Military Representatives Committee.

Dec 1st—The final reports to be ready for consideration by the Council.

As wide areas of disagreement at the various stages could easily unset this programme, the Standing Group did not wish to be held strictly to the above timetable.

In reply to a question by Lord Ismay, the Chairman of the Standing Group said that, as far as possible, National Chiefs of Staff would be kept closely informed on the progress of the work as it developed, through members of the Military Representatives Committee."

2. The Canadian authorities are disturbed at this proposed procedure. The main objections to the procedure are:

(a) Canada will not see the paper until 15th October.

(b) That the US, UK and French Chiefs of Staff are going to have an opportunity to examine and comment on the studies before the National Chiefs of Staff see this paper.

(c) That the Standing [Group] are going to attempt to reconcile the conflicting views of the US, UK and France. In other words they are going to settle their policy before they have had an opportunity of hearing the views of the other 11 military members of the Military Committee.

(d) How are the members of the Military Committee to have the opportunity to discuss the paper with the Supreme Commanders?

3. This study was requested of the Military Committee by the Council at Lisbon in February 1952. It is perhaps the most important military study since the TCC study. It may have far reaching effects on all nations and certainly on national forces. This is not just a re-shuffle in the Command set up or a review of strategy which is a purely Standing Group matter, but a study affecting the shape, size and composition of our future NATO forces for the years to come, prepared by the Supreme Commanders who are responsible to all NATO governments not just the big three, and who report to the Military Committee.

4. There is some doubt as to whether the Standing Group can deal with this question in the manner suggested within their terms of reference. When the Standing Group was set up at the first meeting of the Military Committee on 6 October, 1949, provision was insisted upon so that representatives of non-Standing Group countries could make their views known in anticipation of any Standing Group resolution or decision. In elaborating on the functions of the Standing Group, General Bradley when questioned stated as follows:

"I would say that in all of our actions we act through the Military Committee and if there is any doubt as to the action we should take we should refer it to you" (the Military Committee).

5. It will be noted that the Standing Group is required to take full account of the views of the Military Representatives Committee in all military matters involving action by any of the National Chiefs of Staff or their Governments. There is no doubt in my mind that this is a subject which vitally affects all nations. This is a subject of vital NATO military policy which must be decided on equal terms by all the 14 Chiefs of Staff and we cannot agree with the Standing Group countries making up their minds, the other 11 countries being expected to accept the stand taken by the three national governments. This position is unacceptable to the Canadian Chiefs of Staff on the grounds that:

(a) This may vitally affect Canadian participation, present and future, and therefore should be dealt with as a Military Committee matter and not a Standing Group matter.

(b) It is beyond the terms of reference of the Standing Group to deal with this subject as a Standing Group matter.

(c) We cannot agree that the three NATO nations have a monopoly on military thinking and military planning.

(d) As this may involve financial and other policy matters of the Canadian Government, the Government will require the Canadian Chiefs of Staff to be in accord with the recommendations, and decisions on policy must be arrived at as equal partners any time they involve Canadian participation.

6. Therefore, we make the following suggestions:

(a) That on receipt of the results of the work of the Supreme Allied Commanders, they be studied by the Standing Group and the Standing Group prepare its comments on the studies.

(b) That the Supreme Allied Commanders' study and the comments of the Standing Group be then circulated to all Chiefs of Staff through the Military Representatives Committee and the views of all the National Chiefs of Staff be dealt with by the MRC or, if it is felt advisable, at a special meeting of the Military Committee.

(c) That no attempt be made to reconcile the views of the three members of the Military Committee which might prejudice an adequate consideration of the views of the other 11 members.

(d) That the report be not circulated to the Council until it has been adequately dealt with by the Military Committee.

7. This is a matter of such vital import to all the NATO nations that the Standing Group should carefully examine the views of all the NATO nations without prejudice and an opportunity should be given for a full-scale discussion of the views of the 14 nations and the Supreme Allied Commanders together, so that the best possible results and greatest possible cooperation can come from this study.

8. We have been very concerned with the meagre accomplishments of the MRC over the past year. I have had reason to review what has been achieved. A review of the agendas and minutes reveal that startlingly little has been accomplished. Something like 20 meetings of three-quarters to an hour and a half with only seven items of major import and most of these in preparation for a Military Committee meeting. Certainly this hardly justifies maintaining an Admiral and considerable staff for this meagre accomplishment. Now when a major policy matter does come it is ignored until the Big Three harden their policy and amend the paper.

9. After much discussion in the Standing Group it was agreed that the Standing Group would review this question bearing in mind the observations which we had made and would advise us of what revisions they are prepared to make in their timetable.

10. After the meeting General Whiteley asked me to come privately to his office so he could explain the situation. He pointed out that there were two things that worried him that he could not discuss very fully at this meeting. The first was security in regard to nuclear weapons and the second was security regarding certain political recommendations. He said I must realize that this paper would have certain reference to nuclear matters in which there was considerable security. I emphasized that this argument did not hold water at all. General Gruenther was well aware of the security regulations of the McMahon Act and he would not put in his paper anything which was prohibited by the McMahon Act and, furthermore, if it was alright for the Standing Group to see this paper it was certainly alright for Canada. It is common knowledge that the worst security in NATO is in a country which is represented on the Standing Group. I could not accept the fact that anything which could be seen by France could not be seen by Canada or any of the other NATO nations. General Whiteley soon saw the logic of this argument and dropped the matter of security. He then mentioned political security and said that

there was a possibility that this paper would reveal that we would not be able to defend Denmark and part of Holland without the EDC and that this would be a very tricky question to be given to the 14 nations. I again pointed out that this was no secret. This had been stated to the Military Committee ever since forward strategy had been suggested and Generals Ridgway and Gruenther had made it quite clear that they could not carry out forward strategy without the EDC. Furthermore, the Danes were well aware of their isolated position and the Danish Chief of Staff had spent two and a half hours explaining the Danish isolated position to the Canadian Chiefs of Staff about a year ago. I emphasized to Whiteley that I could not agree that there was anything security-wise, either military or political, which could be discussed with the members of the Standing Group and not with the members of all the 14 nations. If there were difficult military and political problems to be solved I was not at all convinced that the Standing Group could solve them any better than the Military Committee. Furthermore, from my experience in NATO most of the difficulties have arisen from the failure of the Standing Group nations to reach agreement on military matters and not the whole 14 nations. As an example, I pointed out the difficulties in setting up the Mediterranean Command in which the Standing Group nations could not reach agreement and which had to be referred to the Military Committee without the UK and US being able to agree, and yet this matter was successfully solved by the Military Committee. I further pointed out that the setting up of the Iberian Command has been holding fire for over two years because of lack of agreement between the UK and US. I reiterated that we were not prepared to agree to the handling of this important military matter, which may affect our forces in future, for us by the Standing Group. I was quite sure that there were other NATO nations who felt exactly the same way. Whiteley said that Norway had already raised the same problem with General Collins when he visited Norway last month.

11. General Whiteley then suggested that he might be able to arrange that they would send out a preliminary paper and ask for comments and then the Standing Group would work on these comments and produce a second paper on which perhaps a meeting could be held. I said that I would be quite happy for the matter to be dealt with in the initial stages by the MRC and finally by the Military Committee, but I was not prepared to accept the paper after the Standing Group nations had reconciled their views and passed the paper on to us, expecting us to agree. From my experience in the past there was no hope of getting things changed once the Standing Group had agreed because they get Government approval of their military views and then there is little hope of any change. I was giving notice now that we were not prepared to accept this kind of an arrangement on this study. Whiteley assured me that he would go into this very thoroughly with the Standing Group when General Collins returned and would advise me of the results.

357. DEA/50030-AG-1-40

Note du chef de la 1ère Direction de liaison avec la Défense pour le sous-secrétaire d'État par intérim aux Affaires extérieures

Memorandum from Head, Defence Liaison (1) Division, to Acting Under-Secretary of State for External Affairs

TOP SECRET [Ottawa], July 6, 1954

Reference: Our Memorandum of June 30.†

FUTURE NATO DEFENCE PLANNING

Mr. Claxton wrote Mr. Pearson on June 17 and expressed concern at the procedure which the Standing Group proposed to follow in dealing with the SHAPE studies on Capabilities Planning and 1957 Force Requirements in the light of new weapons. In our memorandum of June 30 (attached) we suggested:

(a) that we endorse the views of National Defence: (i) that the procedure for handling the SHAPE studies should be a matter for decision by the Military Committee or Military Representatives Committee and not by the Standing Group alone; and (ii) that the review of the studies themselves should be carried out in continuing consultation with the Military Representatives Committee;

(b) that Mr. Wilgress be asked to inform Lord Ismay of the Canadian position and be prepared to raise the matter in the Council if the Standing Group does not agree to modify the procedure it now proposes for handling the SHAPE studies; and

(c) that, if it becomes necessary for Mr. Wilgress to make representations to the Council, Cabinet approval be sought for the line to be taken.

2. In the meantime, however, General Foulkes had heard from Washington that the Standing Group had made a further study of this problem and had agreed to modify their procedure. Attached is a copy of General Foulkes' letter to you of June 30 along with a copy of Memorandum MRM-46-54 of June 23† to the Military Representatives Committee informing them as follows:

"In amplification of the memorandum (MRM-29-54) outlining the program which it was hoped to follow in presenting the new weapons studies to the Council, the Standing Group wishes to make clear to members of the Military Representatives Committee that it is their intention to invite the comments of members of the Military Representatives Committee before firming up their final report to the Military Committee."

3. This move by the Standing Group was undoubtedly made in response to General Foulkes' previous representations and is intended as a mollifying gesture. For the following reasons, however, I have doubts whether it will in practice mean any significant modification of the procedure to which we objected:

(a) MRM-46-54 is described merely as an "amplification" of the previous memorandum outlining the procedure for handling the SHAPE studies. This in itself would indicate that the Standing Group does not now envisage any basic change in that procedure.

(b) MRM-46-54 further states that the Standing Group intends to invite the comments of the Military Representatives "before firming up their final report to the Military Committee." In my view this means that the Standing Group will draft their own report on the SHAPE studies and will circulate it to the Military Representatives for comments before it is submitted formally to the Military Committee. This is tantamount to the original procedure whereby members of the Standing Group were to reconcile their own national views before sending their report to the Military Committee through members of the Military Representatives Committee.

(c) There is no mention of dates in MRM-46-54 and it must therefore be assumed that the original timetable will be maintained and that members of the Military Representatives Committee will not see the Standing Group report until October 15.

(d) There is no suggestion in MRM-46-54 that the Military Representatives will see the SHAPE studies in their original form or that they will be asked for comments during preparation of the Standing Group's report; indeed, mention of the "final report" would seem to confirm that this is the only form in which the Military Representatives will see it.

4. If this reasoning is correct, I think we still have important grounds on which to object to the Standing Group's procedure. As pointed out in our previous memorandum under reference, the Standing Group, by its own terms of reference, is under an obligation when dealing with matters of a policy and planning nature to consult with the member nations concerned "while studies are still in the preliminary stages" and Working Teams of the Standing Group are supposed to call upon the staffs of the Military Representatives for assistance and advice "during preparation of papers which are of concern to them." The procedure originally proposed by the Standing Group manifestly did not adhere to this principle and the Chairman of the Standing Group admitted as much to General Foulkes during their private discussion in Washington. The "amplification" contained in MRM-46-54 goes no further toward meeting our legitimate objections.

5. I would therefore suggest that you speak to General Foulkes:

(a) confirming our support for the position he had previously taken in objection to the Standing Group's procedure;

(b) expressing doubts about the practical value of the Standing Group's recent message to the Military Representatives Committee; and

(c) asking if he saw any objection to our informing Mr. Wilgress, as previously intended, and asking Mr. Wilgress to pass our views on to Lord Ismay.

BENJAMIN ROGERS

358. DEA/50030-AG-1-40

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

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

SECRET Ottawa, August 4, 1954

FUTURE NATO DEFENCE PLANNING

You may be interested in the progress report given to the North Atlantic Council recently on the Capabilities Planning Study and the 1957 Force Requirements Study, which are intended to indicate what NATO's military capabilities will be in 1957 in light of the effect of nuclear weapons. (Letter No. 2252 of July 27 from our NATO Delegation in Paris, copy of which is attached).

2. You will note that the original reports by the Supreme Commanders (of which SHAPE's report was by far the most detailed and important) were submitted to the Standing Group on July 1st, that they have been studied by the Standing Group itself and are now being examined individually by the United States, United Kingdom and French Chiefs of Staff, and that the Standing Group's draft report to the Council would be submitted to the Military Representatives Committee for comments on October 1st. Whether the report to the Council will be put in final form in time for consideration by the Council at the next Ministerial Meeting (assuming it is held in the second week in December) depends on how long it takes the Military Representatives Committee and the Military Committee to deal with this important matter. If the report is not ready for this Ministerial Meeting, it may be impossible to incorporate its conclusions in the plans for the 1955 Annual Review.

3. Mr. Claxton and General Foulkes, when they first heard of this timetable, expressed concern lest the Standing Group's procedure for handling of the Supreme Commander's studies should prevent effective consideration by the Chiefs of Staff of non-Standing Group countries of a matter which will have an important bearing on the size and nature of future national forces. Accordingly, General Foulkes discussed the proposed procedure with the Standing Group in June, as a result of which the Standing Group agreed to modify their procedure somewhat. The Standing Group has undertaken to keep member countries informed in a general way and to invite the comments of the members of the Military Representatives Committee before firming up their final report to the Military Committee.

4. It still appears likely, however, that member governments will not have very long (about two months) to examine in detail and comment on the Standing Group report before Ministers may be asked to consider it in December.

R.A. M[ACKAY]

[PIÈCE JOINTE/ENCLOSURE]

La délégation auprès du Conseil de l'Atlantique Nord au sous-secrétaire d'État aux Affaires extérieures

Delegation to North Atlantic Council to Under-Secretary of State for External Affairs

LETTER NO. 2252 Paris, July 27, 1954

SECRET

Reference: Our Telegram No. 560 of July 27.†

STANDING GROUP TIMETABLE FOR "NEW LOOK" STUDY

At the Council Meeting on July 21 the Standing Group Liaison Officer reported on his recent visit to Washington. In particular, he gave a fairly detailed progress report on the so-called "new look" exercise, technically known as the "Capabilities Study".

2. Opening his remarks, he wished to make it clear that the name "Capabilities Study" had some real meaning. At the Council's request, this study was being carried out to form an estimate of what could be done by NATO with the military forces expected to be available in 1957 and taking account of the impact of unconventional weapons. Hence, it was not a special weapons study alone; it was a study of the military capabilities which NATO might expect to have when new weapons were generally available.

3. The SGLO reported that individual supreme commanders had presented their individual studies to the Standing Group on schedule on July 1st. These reports from the supreme commanders were now being studied by the Standing Group itself, and would shortly be examined individually by the Chiefs of Staff of the U.S., the U.K. and France as well. (A special technical team was visiting each of the three capitals in turn in order to explain and elaborate upon these reports; it had already visited the U.S. Chief of Staff, was believed to be in the U.K. on July 21, and would go to Paris from London.)

4. This timetable, and the proposed timetable for the future was outlined at a meeting of the MRC attended by the SLGO during his Washington visit. At that meeting it was announced that by October 1st the Standing Group expected to complete their draft of a report to be submitted by the Military Committee to the Council. This draft would be distributed to Military Representatives on that date, and revision of the draft would be carried out by a date in the second half of November. This would allow a final period of about three weeks for the Military Committee members to reach a final decision on the report which they might wish to submit to the Council, assuming a Ministerial Meeting in perhaps the second week of December. It might be that the Military Committee would have to meet during that time but as the original Standing Group draft would be available from October 1st, it was hoped that the Military Committee might reach agreement through the MRC

without having themselves to assemble. With luck final report might be ready by December 1st.

5. The SGLO reminded the Council that the present target date for the Annual Review Report is November 15, although it was always possible that that date might not be met. At a later stage it would probably become necessary to decide whether the Capabilities Report and the Annual Review Report should be considered at a single Ministerial Meeting perhaps about December 10, or whether the Annual Review Report should be considered separately, possibly at an earlier date.

6. Concluding his statement, the SGLO observed that the timetable was certainly tight, but in his judgment it should be possible to meet it.

7. During discussion of this statement, the SGLO said that the Standing Group had in mind the possibility that the Council might wish to hold a joint meeting with the Standing Group during the Autumn (possibly late September or early October). Such a meeting might arise primarily in connection with the Annual Review, but if it were held, it would no doubt be possible to have some advance discussion of the Capabilities Report at the same time. The question of whether or not a meeting of the Military Committee might be necessary prior to Ministerial examination of the Report would really depend on the reactions to the Standing Group's first draft, and, therefore, the general views of national military authorities should be available some considerable time before an agreed Military Committee text was approved.

8. We intervened to ask whether the Standing Group had yet formed a view as to whether or not the Capabilities Report would have a serious effect upon the directives for the 1955 Annual Review. If it appeared likely that it would, this would have an important bearing on whether or not the Report should be considered at the same time as the 1954 Annual Review Report — assuming that directives for the 1955 Annual Review would be considered at the same time as the report on the 1954 Review.

9. In reply, the SGLO said that he had no indication of the Standing Group's views on this question, but speaking personally, he was quite sure that there would be a very considerable effect. He was unable to suggest how great the effect might be or what direction it would take. Nevertheless, it was certainly a possibility that consideration might have to be given to the convening of a second Ministerial Meeting in the Spring of 1955 at which the implications of the Capabilities Report for Annual Review purposes could be assessed, and applied to the Annual Review procedures. This question would become important if it proved impossible to take adequate account by the time of a December Ministerial Meeting of the implications for Annual Review purposes of the Capabilities Report.

10. Commenting on this question, Lord Ismay observed that in the old days it had been customary to hold meetings of a Defence Ministers' Committee; during the last two years this practice had been virtually abandoned. It might be that the problem of marrying these two reports could be turned over to a Defence Ministers' Committee. As a second point, he thought that there would be unfortunate consequences, if a decision were taken to hold a second Ministerial Meeting early in the Spring. He considered that inevitably the purpose of the meeting (in effect to take account of the use of atomic weapons in NATO planning) would become public

with unfortunate consequences. We agreed with Lord Ismay's second point, that it would be desirable to avoid a second meeting in early Spring. As for his reference to a meeting of Defence Ministers, we reminded the Council that it had been decided at the Ottawa Meeting in 1951 to suppress the meetings of Defence and Finance Ministers and to have all three Ministers concerned sit as regular members of the Council. Certainly, it was still possible, and frequently desirable, for Defence Ministers to gather during Ministerial Meetings, but it was scarcely practicable to turn major problems over to such a group for final settlement as the important problems invariably are of almost equal concern to the other Ministers. Hence, the operation of marrying the two reports in question appeared to us one that must ultimately be carried out by the Council as a whole. Certainly, we would see no objection, however, to a plan whereby Defence Ministers could have a first crack at the Capabilities Report before its submission to the full Council.

K.J. BURBRIDGE

359. DEA/50030-AG-1-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 719 Paris, September 17, 1954

SECRET

Reference: Our letter No. 2252 of July 27.
Repeat C.J.S. London No. 200.

JOINT MEETING WITH STANDING GROUP — PROGRESS REPORT ON CAPABILITIES STUDY

At the joint meeting of the Council and the Standing Group on September 15, General Collins of the Standing Group presented a progress report on the capabilities study. He reviewed the proposed timetable for the capabilities study as follows: Supreme Commanders' reports by July 1, distribution to National Chiefs of Staff of censored version by September 13, a Standing Group draft report based on the Supreme Commanders' reports by October 1, discussion within the Military Representatives Committee leading to a Military Committee meeting to approve a final report by December 1, and examination of this report by Ministerial meeting in mid-December. He stated that this timetable has been met up to the present and believed it would be possible to hold to it for the future.

2. Stating that he did not wish to prejudge final conclusions on the subject, he said the Standing Group were already agreed on four points relating to the study:

(a) This report should not be regarded as a final and definitive study of the subject, but rather as the first in a series of studies on these complex questions. This

series of studies would probably turn out to be a continuing process extending over a period of approximately three to five years;

(b) The changes in military organization and planning which might result from this series of studies would be more evolutionary than revolutionary. Thus, there would be a gradual process of integrating new weapons, as they became available, within existing military organizations rather than the abrupt replacement of existing armaments;

(c) Nothing had so far emerged in the course of the study to provide any reason for delaying the implementation in full of the military goals stated in the 1953 annual review and those now being considered in the 1954 review;

(d) The study to date fully reinforced the conviction already held that an effective German participation in the defence of Western Europe was absolutely essential.

3. General Collins, then spoke not as chairman of the Standing Group, but as United States member, stating that the United States Chiefs of Staff felt themselves unable to comment upon this study until the matter of German participation in Western European defence was clarified. In response to a question, he said this did not mean that the United States Chiefs would not actively consider these studies but it did mean that they would withhold judgment until the German position was clarified. This was in no sense intended to impose a deadline for solution of the German question but the practical fact emerged that if the German question had not been clarified by a date somewhere between November 15 and December 1, then it would not be possible to submit an agreed Military Committee report for the consideration of ministers until later. The Netherlands and the United Kingdom delegations observed there would, in any event, be adequate material available relating to other aspects of the annual review to justify a Ministerial meeting in December.

4. In response to a question, General Collins explained that the document which would be circulated by October 1, (in accordance with the timetable), would be a draft report prepared by the Standing Group staff, and would not have the status of a Standing Group document — i.e. one approved by the Chiefs of Staff of the three Standing Group countries.

360. DEA/50030-AG-1-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au sous-secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Under-Secretary of State for External Affairs

LETTER NO. 2763 Paris, September 20, 1954

TOP SECRET

JOINT MEETING WITH STANDING GROUP — PROGRESS REPORT ON AIR DEFENCE STUDIES

General Valluy (France) gave the progress report on air defence studies. These studies arose out of a report by the Chiefs of Staff of the three Standing Group nations, together with SACEUR, prepared in 1953 which emphasized the seriousness of the problem of air defence of Europe. The NATO Council in considering the matter recognized the urgency of the problem, and asked for a definition of the steps required to meet the situation. As a consequence, SACEUR was asked to study all aspects of the air defence of the NATO European area, such a study to take account of new weapons and techniques and to cover the three years July, 1954 to July, 1957.

2. General Valluy went to some pains to explain the magnitude of the task facing SACEUR and the consequent necessity, as the study developed, of setting ahead the target date from the original one of June 1, 1954 to the present estimate that the report would not be ready for communication to the Standing Group prior to the first week of October. Although it was not possible at this date to give a summary of the study, the chapter headings have been prepared, and General Valluy commented upon them as follows.

3. The first chapter heading was "The Threat". It was clear that the aggressor had the capabilities of reducing or possibly destroying the NATO potential by surprise attack. The second chapter heading concerned the vulnerability of the area being studied. It had to be recognized that the enemy air power may envelop or penetrate the area without detection or without sufficient warning being given to NATO forces to repel the enemy. The third chapter would deal with the necessity for a comprehensive system of air defence for Europe. It was envisaged that such a system would have to function as a complete entity without regard for national frontiers. The fourth chapter would deal with the present defensive system and the recommendations required to improve it. General Valluy stated categorically that the present air defence system of Europe was poor, the main reason for this being that it was parcelled out in too many bits and pieces (fractionné). He forecast that the recommendations arising out of the study would be costly, difficult to implement, and undoubtedly contrary to some presently existing ideas of national sovereignty.

4. Although it would not be possible to present the recommendations on air defence for December next, it was hoped to provide a brief summary in the form of

a progress report. The recommendations themselves were expected to be presented in the early Spring of 1955.

5. The Representative of Belgium asked whether the air defence of the European NATO area could be contemplated without German participation. The answer given by General Valluy to this question was "no", and he added that considerations relating to Germany would be included in the study. At this stage General Collins intervened to add an explanatory word on the connection between Germany and air defence. Due to the speed of present day aircraft and also the very high operating heights, the first requirement of modern air defence was a radar screen giving as early a warning as was possible. To do this, it is necessary to have your radar as far forward as was possible. With a radar screen limited to positions west of the Rhine, it would be impossible to get fighters alerted and carry out an interception in time to defend such places as Brussels, Paris, etc. Further, with enemy positions along the Rhine, all the Western Europe and U.K. channel ports would be within guided missile range. General Collins felt that the Russians would have this capability by 1957.

6. The Representative of Denmark referred to statements by General Gruenther indicating that a week's warning of attack by land could be reckoned with, and wished to know whether a warning of the same length would hold good for air attack. In reply General Collins referred to the possibility of an enemy initiating an attack solely by air. If such an attack were launched without the benefit of preliminary moves on land or of submarines, the enemy would sacrifice the full value of surprise but would gain in the effectiveness of their air attack. In this event, the only warning which the West would receive would come from the radar chain and any reports by agents in enemy territory. The lesson to be drawn from this was the importance of an adequate radar screen as far forward as was possible.

7. The Representative of Greece expressed concern at the lessons drawn from the Malta manoeuvers which indicated that Greece and Turkey could not at present be defended by air. Hence all the ports in this area would soon be lost, and he wished to know whether or not this fact, with the consequent problems of supplying these countries, concerned the Standing Group. General Collins stated fairly vigorously that they were currently analyzing these problems and looking for solutions. He then referred in some detail to the experience of the Normandy Invasion and the Pacific campaigns of World War II whereby all supplies had to be landed without the benefit of ports. This matter had been reviewed that day by the Standing Group in an effort to determine first if we had the proper organizations set up to deal with these matters and secondly whether these organizations had proper directives to accomplish their tasks.

8. The Representative of France felt that the conclusions and decisions taken on these studies should have an effect on the 1954 Annual Review and he wished to know whether the conclusions of the air study would influence decisions currently being taken on infrastructure. For example, might it be necessary to modify current views on the need for constructing advance air fields? General Collins replied that the indications to date from these studies were that of the three main elements of infrastructure, i.e. air fields, pipelines and communications, the requirements

would, if anything, be increased with the advent of new weapons. More airfields would be required for dispersal against surprise atomic attack, pipelines would, if anything, have to be extended and signals would undoubtedly have to be improved. Since the present studies had been prepared by the Supreme Commanders, he felt that these Commanders would undoubtedly feed into the 1954 Annual Review, recommendations based on their conclusions from these studies.

9. The United Kingdom observed that although the timing for the submission of the air study was set back, it appeared that this study and the capabilities study would finish up about the same time. Because the two studies were so closely interrelated, this appeared to him as a fortunate circumstance. The important point to bear in mind was that the studies should be available for guidance for the 1955 Annual Review, the indications being that this would be possible.

10. The Chairman asked whether there might be some usefulness in submitting the air study in two parts, the first part to be a statement of the problem and the second, the recommendations. This might enable a portion of the report at least to come forward at an early date. General Collins undertook on behalf of the Standing Group to give full consideration to this possibility, but did not hold out any great hope that the report could be split in this manner.

L.D. WILGRESS

361. DEA/50030-AG-1-40

Note du chef de la 1ère Direction de liaison avec la Défense pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Defence Liaison (1) Division, to Under-Secretary of State for External Affairs

TOP SECRET [Ottawa], October 13, 1954

Reference: Our memorandum of September 23, 1954.†

CAPABILITIES PLAN ALLIED COMMAND EUROPE

Attached for your information are copies of two letters from the Chairman, Chiefs of Staff to the service Chiefs of Staff, giving summaries of the Capabilities Reports by SACEUR and SACLANT. A progress report by the Standing Group on SACEUR's Report was submitted at a secret NATO Council meeting of September 15, 1954, a record of which was sent to you under cover of our memorandum of September 23, 1954.

2. You will recall that each of the capabilities studies is intended to be a re-assessment of defence policy in the light of the changes brought about by the new nuclear weapons. It is not intended to serve in itself as an operational directive.

3. As you will note, SACEUR's Report is based on the assumptions that atomic weapons must be used in a major war by the Allies, without delay, and regardless of the Soviet use of such weapons; that the major re-adjustments in forces necessary to adapt them to atomic war conditions will be implemented; and that an effective German contribution will be available in 1957.

4. SACEUR's primary objective is to avoid losing the war quickly and to put his command in a good position to continue it successfully. While the current posture of allied forces would not permit them to survive an atomic effort of the magnitude envisioned for 1957, this situation can be corrected "with a very high degree of probability" if forces, organization and tactics are adapted to atomic warfare conditions. There is also a high degree of probability that those defence objectives essential to the carrying out of planned mobilization and reinforcement would be accomplished, and a better than even probability that forward defensive operations and a high degree of protection against sustained enemy atomic attack and attacks on shipping could be carried out.

5. SACLANT, however, complains of inadequate defensive power owing principally to the comparatively small number of units available to him. He appears to fear that a Soviet attack on ports could hamper or prevent the deployment of the Striking Fleet Atlantic, his principal atomic delivery force, and hints at the necessity of a re-allocation of forces by the Standing Group. SACLANT intends to offset these deficiencies by increasing his offensive strength in order to deny access to the sea to the Soviet forces.

6. SACEUR seems confident that the whole of the fabric of the major Soviet industry could be demolished and that Soviet control of government, military and economic resources could be nullified. Both SACEUR and SACLANT credit the Soviet with the advantages of greater strength in conventional forces and of initiative but state that NATO possesses superior atomic resources.

7. It may be that SACEUR considers that to arrive at any other conclusions than he has would be a counsel of despair, but it seems to me there are several questionable points in his thesis:

(a) SACEUR concedes to the Russians the strategic initiative, but does not seem to assign to them any military advantages resulting therefrom. If the Russians started with an effective H-bombing campaign against Europe and/or the USA I am sceptical that SACEUR would be able to keep fighting, even if his own forces were largely intact, and even if SAC was able to retaliate by H-bombing Russia.

(b) SACEUR's fundamental premise is that atomic weapons must be used in a major war by the Allies, without delay, and regardless of Soviet use of such weapons. The question in my mind is whether this concept is really valid, and whether we are not approaching the time when it should be re-examined in the light of the political realities stemming from the development of the H-bomb. Studies now being made in the Department of National Defence indicate that quite a small number of super-bombs could knock out either side in a war, and point to the possibility that no country would dare to initiate nuclear warfare unless it could be sure of destroying the enemy's capacity to retaliate in a single Pearl Harbour-type of attack. I shall be sending you a memorandum on this subject within the next week or two.[66]

[66] Non retrouvé./Not located.

8. I agree with SACLANT's concern over the defence of his forces, and particularly of his base ports, but I don't follow the logic of his proposal to offset his deficiencies by an increase in offensive strength.

BENJAMIN ROGERS

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note du président du Comité des chefs d'état-major

Memorandum by Chairman, Chiefs of Staff Committee

COSMIC TOP SECRET Ottawa, October 5, 1954

SACLANT CAPABILITIES STUDY 1-57 (CS 1-57)

1. One copy of SACLANT Serial 823 dated 21 June 1954,[67] SACLANT Capabilities Study 1-57 (CS 1-57)† is attached hereto.

2. A résumé has been made of this study for the purpose of setting down, in abbreviated form, what were considered to be the most important factors brought out by the Study. The résumé follows.

Problems

3. To determine the most effective pattern of military strength which SACLANT can devise within the resources which it is anticipated may be made available for his use in the year 1957.

Assumptions

4. SACLANT's basic assumptions are that combat operations in Europe will continue beyond D-60, and that replenishment of diminished European stock-piles will be mainly dependent upon safe conduct of trans-Atlantic shipping.

Forces

5. As a basis for the evaluation of the 1957 forces SACLANT has used the final 1953 Annual Review Report, CM(53)150, together with information obtained in 1954 by his travelling team, and other pertinent information available such as MDAP programmes, etc.

6. Forces which may be assigned for the defence of Island Bases and Home Territories have not been included in SACLANT's estimate.

7. The 1957 naval forces shown in the appendices are "in commission" forces.

Infrastructure

8. The estimate of infrastructure to be available to SACLANT in 1957 is based on the tabulation of facilities available in Annex P to SACLANT's EDP 1-54 and no marked variations in availabilities are to be noted.

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[67] Note marginale :/Marginal note:
Not sent to E[xternal] A[ffairs]

New Weapons

9. SACLANT has considered new weapons and developments that will be available to forces assigned to him by 1957. In so doing he has had to make many assumptions in order to arrive at reasonable conclusions. He has dealt separately with weapons and developments affecting the protection of shipping and with weapons and developments used primarily in offensive operations.

10. SACLANT has also assumed that an adequate number of atomic weapons of all categories will be available for planned operations, that radiological warfare will not be employed on a large scale and that personnel will be adequately trained in the use of new equipment and weapons.

11. The conclusions which SACLANT has reached from his study of weapons available to him are as follows:

(a) Sonar, radar and ECM detection equipment in surface forces will be much improved by 1957 and will be available to SACLANT forces in limited numbers to be a factor in the anti-submarine campaign.

(b) Guided missile ships will enhance the air defence capabilities of escort forces and when combined with escort ships improved AA capabilities will have a strong effect on the air defence aspects of shipping protection. The AA defence of other surface forces will be strengthened through improved electronic control and improved weapons including guided missiles.

(c) Improvements in airborne detection equipment and methods should limit the ability of U-boats to operate on the surface or at snorkel depth.

(d) Helicopter borne sonar equipment will augment the search capabilities of surface forces.

(e) Target seeking torpedoes used by surface, sub-surface and air forces have greatly increased the "kill" probabilities of anti-submarine forces.

(f) Considerable improvement will have been made in the detecting, locating and destruction capabilities of forces earmarked for assignment to SACLANT during 1957.

(g) The striking power of carrier air forces will be improved to a considerable degree through the general use of atomic weapons and improved aircraft performance and operating capability.

(h) The offensive capabilities of submarines will be significantly increased. The striking power of these submarines will be slightly greater than at present.

(i) Improvement in the capability of maritime/patrol aircraft to detect, track and destroy conventional U-boats may be expected.

(j) Some increase in the mobility of amphibious forces is probable.

(k) The speed of replenishment at sea may be expected to improve.

Estimate of Soviet Bloc Capabilities as They Affect SACLANT in 1957

12. In general SACLANT concedes that the overall objectives of the Soviet leaders are to strengthen the existing Soviet Bloc, to weaken the non-Communist nations and to establish throughout the world a Communistic régime directed from the Kremlin. SACLANT recognizes the fact that the Soviets possess the initiative

and will use it wherever possible to extend their domination by peaceful means. He also considers that the Soviet Union will be in a position, economically, to support its campaigns.

13. As far as Soviet U-boat offensive capabilities at the end of 1957 are concerned, SACLANT considers it probable that, in the initial stages of a war, the Soviets will operate their U-boats in focal areas and on coastal shipping routes where targets are likely to be plentiful and easy to locate. He considers it unlikely that U-boat operations will occur in ocean areas on a significant scale in the early stages of a war.

14. Appendices b, c, d and e show the Soviet Naval Forces Order of Battle, the Soviet Air Forces Order of Battle, Possible Deployment of U-boats on Sustained Operations and Possible Deployment of U-boats on Intensive Operations.

Estimated Effects of 1957 Capabilities of Opposing Forces

15. There is little appreciable change in SACLANT forces except for some increase in the number of escort vessels. However, Soviet increases in total forces are of the following order of magnitude; an additional 4 cruisers, 121 destroyers and 189 improved ocean patrol U-boats. While SACLANT does not consider that the increase in cruiser and destroyer forces changes the threat, he does view with concern the significant increase in U-boat strength without a balancing increase in his own escorts. He emphasizes the fact that this U-boat increase creates a need to destroy the U-boat force by offensive action against its operating and construction bases.

16. SACLANT indicates that the Soviet atomic capability will be less than that of NATO, but he states that, since the Russians possess the initiative coupled with the element of surprise, this inferiority of weapons or means of delivery will be, at least partially, compensated. He emphasizes that the NATO atomic warfare potential being greater than the Soviet will cause them to give highest priority to the prosecution of attacks against NATO atomic delivery facilities. In this respect SACLANT points out that in only a few instances is he charged with the responsibility for defending the targets which might affect him the most.

17. The Striking Fleet Atlantic, constituting SACLANT's principal atomic delivery force, can be considered to represent a high priority target for early destruction by Soviet forces. If the fleet is at sea it is considered fairly adequate defence can be provided, but if the fleet is not at sea, it is considered the Soviet may attack principal naval bases and fleet anchorages in an attempt to hamper or prevent its deployment.

18. SACLANT also considers that the Soviet, with the knowledge that NATO forces on the continent cannot exist long without substantial logistic support and reinforcement from overseas, will probably make attacks on ports and merchant shipping concentrations and associated industrial facilities.

19. The availability of atomic weapons and improved methods of delivery will considerably enhance SACLANT's capability to carry the offensive to the Soviet. However, SACLANT points out that his atomic capability is limited by the number of weapons assigned to him by the Standing Group, which number is roughly one-

third of the total initial requirement generated in a separate staff study not currently available for distribution.

20. SACLANT considers, in the field of direct protection of shipping, that the considerable improvement in the effectiveness of anti-submarines equipment expected to become available to him, progressively from December 1956, will to a large degree be counteracted by the increased range, under-water speed and possible reduced noise level at high speed of the U-boat, as well as the use by the enemy of the long range target-seeking torpedo and passive ECM measures.

21. In the early stages of a war it is considered that the size of the Allied Command Atlantic escort forces will be inadequate for the protection of convoys. This situation will be further aggravated should the Soviet choose to attack convoys with atomic weapons, since this will result in the smaller composition of a convoy or greater dispersion within a convoy.

22. Due to the increased number of U-boats available to the Soviet it is estimated that his minelaying capability will be greatly enhanced. While the mining threat in the ACLANT region as such is comparatively small, the probable mining of European terminal ports constitutes a serious threat to keeping the sea lines of communication open.

23. It is not expected that Soviet anti-submarine effectiveness will keep pace with improvements in SACLANT submarine capabilities.

24. Although small in number, allied nuclear powered submarines are expected to have a very high unit effectiveness against all types of large surface vessels, as well as against U-boats.

Analysis of Operations and Operational Concept for SACLANT in 1957

25. Inasmuch as the Allies do not possess the initiative at the outset, SACLANT considers that he must be prepared to conduct a large variety of operations over a wide area. He indicates that the operations he will need to undertake to accomplish the mission assigned to him are as follows:

(a) Offensive operations, including denial of the seas to the enemy;

(b) control of vital sea areas and protection of the sea and air lines of communication;

(c) defence of home territories and island bases;

(d) support of SACEUR and other NATO and National Commands.

26. With regard to the availability and readiness of forces there will, by 1957, be no appreciable change in the size of D-day forces from the 1954 force levels.

27. SACLANT having conceded that the potential enemy will have the initiative in commencing hostilities, states it as one of his aims to deprive the enemy of this initiative for which purpose the means he will use will be offensive operations comprising the atomic offensive, carrier striking force, submarine operations, offensive mining, anti-U-boat transit offensive, hunter-killer carrier operations, offensive surface force operations and offensive operations by Maritime/Patrol aircraft.

28. If the convoy system is in operation SACLANT indicates that limited "through" surface escorts will be provided for all trans-Atlantic convoys. However, he points out that with the limited forces actually available it will be possible to provide only one "through" escort for each convoy, increasing to two after D-30.

29. An exception to the one "through" escort per convoy principle arises where a convoy would transit a threatened area throughout its entire passage. In this case the "through" escort will be made up of 2 or 3 escort vessels.

30. Where enemy air attack is expected on shipping it will be countered by SACLANT offensive operations supported by national shore-based fighter cover, carrier based fighter protection and provision of escorting forces with AA armament.

31. In the event that Soviet surface raiders might operate against Allied sea lines of communication the EASTLANT cruiser force has as its primary mission operations against enemy surface forces.

32. SACLANT considers that enemy atomic attacks on ports or on convoys in the early stages of a war might make it necessary to employ small convoys and independent sailings for all shipping in order to reduce port congestion, and the utilization of secondary ports and beaches. He concludes that this would increase the U-boat threat to shipping and would generate an increased requirement for escort forces.

33. By D-90 SACLANT considers that the strategic situation should have become fairly well established and the course of subsequent operations should be apparent. He states that he will certainly have to continue his basic naval functions.

34. The pattern of offensive operations will be affected by the production, if any, of additional new weapons, the development of existing weapons and the natural modifications to techniques arising out of their use.

Reassessment

35. A review of the above makes it fairly apparent that, although SACLANT will possess certain increased strengths resulting from technological improvements, he will continue to be plagued by the weakness resulting from deficiency in numbers, especially in aircraft carriers and escort craft. The principal sources of increased strength will be:

(a) A larger number of atomic weapons available and more effective means of delivery on target;

(b) the larger CVS type carriers as replacement for the small CVE/CVL type carriers in Hunter/Killer groups;

(c) a few nuclear powered submarines which should be effective in anti-submarine roles;

(d) improved submarine detection equipment which should increase the detection range of individual surface and air units.

36. In devising a new or improved pattern of strength, the first inclination would be toward attempting to decrease the source of weakness; but, to do this would require assignment of additional units, which could be obtained only by transfer of

such units from some other command in NATO. It is not within the scope of SACLANT's study further to develop the question of re-allocation of forces within NATO, since that is properly the province of the Standing Group.

37. There is always a possibility that some radical change in concept for defence of shipping might result in an overall reduction of forces required. Many such radical concepts have been considered, including the so-called "Sanitized Sea Lane", which visualizes a single heavily defended sea lane from North America, through Bermuda and the Azores, thence to European or Mediterranean ports. This concept also includes offensive anti-submarine forces as barriers to the passage of enemy submarines from their home waters to the vicinity of the single sea lane and employment of the Striking Fleet in attacking the source of enemy U-boat strength. None of the radical concepts so far considered have produced encouraging prospects for enabling measurable reductions in defensive force requirements, even when equipment of anticipated improved performance is taken into account.

38. Since it is not within the capacity of SACLANT to increase the number of units available to him, the only area of consideration for improving his military pattern lies in the application of his increased offensive power so as to compensate for the deficiencies in defensive power.

39. In view of the foregoing, it is concluded that the most effective pattern of military strength which SACLANT can devise within the resources which may be made available for his use in the year 1957, must be predicated on early and effective application of his increased offensive strength, in the endeavour to reduce enemy opposition and thus enable his otherwise inadequate defensive forces to accomplish their assigned tasks with an acceptable degree of effectiveness.

40. Standing Group undertook to draft a report to Council concerning this capability study and it was to have been distributed to the Military Committee by the 1st of October. An opportunity for examining it by the Chiefs of Staff of the respective countries is thus provided, and Standing Group hopes that by the 15th of November, it will have received comments on the first draft. After the comments have been assimilated, a second draft will be prepared and it is possible that there may be a meeting of the Military Committee late in November, possibly in Washington, to approve the final report by 1 December in order that Ministers may have an opportunity to study it before the Ministerial meeting in Paris.

41. The draft report will be circulated when it arrives and it is requested that Service comments be completed by 1 November in order to permit discussion in Chiefs of Staff Committee.

A/C H.H.C. RUTLEDGE
for Chairman, Chiefs of Staff

[PIÈCE JOINTE 2/ENCLOSURE 2]

Note du président du Comité des chefs d'état-major

Memorandum by Chairman, Chiefs of Staff Committee

COSMIC TOP SECRET Ottawa, October 5, 1954

CAPABILITIES PLAN ALLIED COMMAND EUROPE

1. In SGM-53-54 dated 12 Jan 54 the Standing Group requested the Supreme Allied Commanders to prepare as a matter of priority a capability study of the most effective pattern of military strength in each command for the year 1957. Attached hereto is:

(a) Capabilities Plan Allied Command Europe 1957 which is the formal study prepared by SACEUR;

(b) Report on Measures Essential for the Support of the Capabilities Plan, in which areas of risk disclosed by the Capabilities Plan are examined and recommendations to reduce these risks without requiring additional major units are presented;

(c) Report on Supplementary Planning Project prepared by SACEUR for the Standing Group which is actually a résumé prepared by SACEUR.

It is not practical to further condense the Capabilities Plan; however, following is a short summary of the salient points in the Plan.

2. SACEUR's study was made to determine if an adequate degree of military security could be provided for Allied Command Europe within the expected force levels, and, if so, what changes, modifications and programme readjustments would be required, other than major force increases, to achieve or better this capability. This study is not intended to serve in itself as an operational directive.

3. The plan is a capabilities plan only insofar as numbers of major force units are concerned. Specifically it is based on employment of major force units in the numbers estimated to be available in mid-1957. The plan and the assessments therein are not dependent for their execution upon the provision of additional major force units. They are dependent, however, upon the satisfactory completion of an important series of measures and corrective actions to develop the necessary state of operating effectiveness and readiness, and the capability of supporting the major forces shown.

4. The fundamental premises of the plan are that atomic weapons must be used in a major war by the Allies, without delay, and regardless of Soviet use of such weapons, that the major readjustments in forces necessary to adapt them to atomic war conditions will be implemented and that an effective German contribution will be available in 1957.

5. The first and key task of Allied Command Europe in the event of hostilities is to survive the initial period of intense atomic activity. Therefore, in planning operations for a war in 1957 primary attention and effort has been focussed on vital objectives — the things that must be done in order to avoid losing the war quickly, and to put Allied Command, Europe, in a good position to continue it successfully.

Operations incident to SACEUR's plans fall into distinct though inter-related campaigns. These are as follows:

(a) to defend against and to destroy the Soviet air and atomic threat;

(b) to interdict the Soviet build-up, support and lines of communication;

(c) to arrest the Soviet land advance in Central Europe;

(d) to protect Allied shipping, sea lines of communication and naval forces;

(e) to arrest Soviet advances against Denmark, Norway, Italy, Greece and Turkey.

6. In carrying out the above campaigns, SACEUR will receive external support from forces which have not been specifically assigned to the European theatre. This support will come from the US Strategic Air Command, UK Bomber Command and on or about D-15 a SACLANT carrier task force with an atomic delivery capability. The successful delivery of a major proportion of the SAC effort contemplated in the event of war in mid-1957, should practically demolish the whole of the fabric of the major Soviet industry, and should deprive the Soviets of any considerable control over, or direction of, their governmental, military or economic resources. Soviet forces in being, and such material resources as were not subjected to atomic attack, would be dependent for their future support entirely upon their existing supplies.

7. As a substantial part of the total forces available to Allied Command Europe have a relatively fixed allocation, certain forces, such as post D-day reinforcements, forces based in the UK, and a large segment of the air and naval air atomic delivery forces available to SACEUR are pooled for use where required at the time, or against objectives of overall concern. Major ground force reinforcements constitute in effect a "strategic reserve".

8. In view of its purpose, this plan has been prepared in a form which facilitates the linking of forces and operations to carefully delimited objectives, and not in a form directly capable of implementation.

9. The current posture of Allied forces (organization, tactics, deployment, etc) would not permit them to survive an atomic effort of the magnitude envisioned for 1957. This condition must be corrected. The introduction of atomic and thermonuclear weapons in quantity on both Soviet and Allied sides necessitates major revisions in the operational posture of Allied forces — their tactics, force dispositions and organization. An initial determination of such a revised posture, prepared for use as a basis for the planning of the various campaign plans is set forth in Enclosure J to the Capabilities Plan and detailed proposals for revised tactics and organization are also included.

10. The plan concludes that the Soviet is credited with the advantage of greater conventional strength and initiative, but that SACEUR possesses superior atomic resources. Furthermore, because SACEUR will be on the defensive initially, he can choose and prepare the site of the initial battle. The outcome may depend upon the relative progress made by both sides in adapting forces, organization and tactics to atomic warfare conditions. This study further concludes that if Allied forces are readjusted for Atomic war generally as recommended, the Soviet advantage of the

initiative can be offset, his strength concentrations — should he keep them — would become atomic targets and SACEUR could:

(a) with a very high degree of probability accomplish those defensive objectives essential to avoid defeat;

(b) with a high degree of probability, accomplish those defence objectives essential to the carrying out of planned mobilization and reinforcement; and

(c) with better than even probability undertake and successfully carry out forward defensive operations and a high degree of protection against sustained enemy atomic attack and attacks on shipping.

11. Standing Group undertook to draft a report to Council concerning this capability study and it was to have been distributed to the Military Committee by the 1st of October. An opportunity for examining it by the Chiefs of Staff of the respective countries is thus provided, and Standing Group hopes that by the 15th of November, it will have received comments on the first draft. After the comments have been assimilated a second draft will be prepared and it is possible that there may be a meeting of Military Committee late in November, possibly in Washington, to approve the final report by 1 December in order that Ministers may have an opportunity to study it before the ministerial meeting in Paris.

12. The draft report will be circulated when it arrives and it is requested that service comments be completed by 1 November in order to permit discussion in Chiefs of Staff Committee. In this connection Appendices I to L of SACEUR's capabilities study will be of particular interest.

A/C H.H.C. RUTLEDGE
for Chairman, Chiefs of Staff

362. DEA/50030-AG-1-40

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

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

COSMIC TOP SECRET [Ottawa], November 26, 1954

NATO MINISTERIAL MEETING, DECEMBER 1954:
MILITARY CAPABILITIES STUDY

You will see from the attached telegrams No. 1034 and 1037 of November 24, from our NATO Delegation in Paris, that the important question has been raised of what action the forthcoming Ministerial Meeting will be asked to take on the report the Military Committee is to submit on the most effective pattern of military strength for the next few years. This is the report based on the Supreme Commanders' capabilities studies on the effect of new weapons.

2. You will note that the present understanding in Paris is apparently that the Ministerial Meeting will be asked to approve the Military Committee's report in principle as a basis of further military planning (i.e., to approve the planning assumption

that atomic and thermo-nuclear weapons will be used by the NATO forces in any future war regardless of whether or not they are used by the enemy).

3. We have not yet seen the Military Committee's report, but I have written to the Chairman, Chiefs of Staff, asking for copies of this and of any report he may have prepared on the recent Military Committee meeting that he attended.

4. A decision, even in principle, to use atomic and thermo-nuclear weapons in any future war, regardless of whether or not they are used by the enemy, has of course the gravest implications and it could be argued that it is premature for member governments to take such a step before they have fully considered these implications. All of which adds urgency to the inter-departmental study which we have proposed.[68]

R.A. M[ACKAY]
for Under-Secretary of State
for External Affairs

[PIÈCE JOINTE 1/ENCLOSURE 1]

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 1034 Paris, November 24, 1954

TOP SECRET

THE NEW LOOK

Lord Ismay today held one of his monthly luncheons for the permanent representatives. This was followed by a discussion of the standing group paper on the capabilities study or "the new look." This document has been approved by the Military Committee this week and is coming up for the consideration of the Ministerial Council on December 17.

2. The discussion was provoked by a statement of the standing group liaison officer at this morning's meeting of the Council when he said that the Ministerial Council would be expected to give their approval to the document which had just been passed by the Military Committee. There was a good deal of criticism that in such a short space of time governments would have to make up their minds on the document of such major importance, carrying far-reaching political, economic and financial implications. This led to a rather acrimonious discussion between representatives of standing group and non-standing group countries. The former argued that the document had been in the hands of governments for some time since it had been given to the military representatives at the beginning of October. The repre-

[68] Note marginale :/Marginal note:
A decision of this importance should not be thrown at the NATO Council so suddenly. L.B. P[earson]

sentatives of the non-standing group countries argued that, so far as they were aware, the document had not been considered by governments in the respective capitals since it had been treated in the first instance merely as a document for consideration by the Military Committee and not for reference to governments until that body had approved it.

3. Martin, the Acting United States Permanent Representative, showed himself to be the most familiar with the document in question and he explained that the action recommended to be taken by the Ministerial Council had been carefully thought out with a view to making it possible for governments to approve the document at the December meeting. He himself had taken part in the consultation with the President, at which time it had been pointed out to the President that, while the document carried far-reaching financial implications, all that could be asked of governments initially was for them to give their approval that military planning should proceed on the basis of the document. On the political question that was worrying the Permanent Representatives, what would be asked of Ministers would be to approve that military planning should proceed on the basis that atomic and thermo-nuclear weapons may be used in the future war. It was felt that this was as far as it was necessary to go at this time since the actual decision, as whether or not to use the weapons, could only be taken on the outbreak of hostilities in the light of the circumstances prevailing at that time. This explanation by Martin served to calm down the discussion which had become somewhat heated. The general consensus of view, however, was that governments should have been given more time to consider the document, even though domestic procedures may have been at fault in that governments did not take up the matter as soon as the document had been referred to Chiefs of Staff.

4. At the end of the meeting it was agreed that the whole question would be discussed again by the Permanent Representatives after they individually had had the opportunity of studying the document. Copies are now being sent from Washington and are expected in Paris at the beginning of next week. Martin again intervened to say that what was important was not so much what we did, but what the Russians thought we would do and, therefore, it was all important that there should be no disagreement when the document was presented to the Ministerial Council for approval. For this reason he considered it very wise that the Permanent Representatives should consider the matter again in a restricted meeting without advisers. I should appreciate learning if the Minister has misgivings about the recommendations included in the document for action by the Ministerial Council at its December meeting.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 1037 Paris, November 24, 1954

TOP SECRET

AGENDA FOR MINISTERIAL MEETING

At its meeting on November 24 the Council re-examined document C-M(54)102, the report from the agenda working group. The draft agenda annexed to that document was approved, except for the deletion for the time being of item 4. Supplementing the information which we have reported earlier, the SGLO said that the standing group now wished to recommend that this paper should be dealt with by the Permanent Council as a routine item and that it would not be necessary to discuss it at the joint meeting of the Permanent Council and the Military Committee Permanent Representatives were prepared to agree that this course might ultimately be satisfactory, but the heading assigned to the subject has given rise to a good deal of interest in national capitals. For this reason the subject could not at present be regarded as routine. Until the paper was available, at which time it might become clear that it raised no major questions, it was agreed to leave it on the agenda for the joint meeting on December 15.

2. A most interesting discussion arose in connection with item 5 of the draft agenda. It was the general impression that the Council should consider prior to the ministerial meeting what action Ministers might be expected to take on the capabilities report, and what follow-up action might subsequently be required. Summing up the discussion, Ismay observed that Ministers could scarcely be expected to do more than approve the document in principle as a basis for further planning studies. This lead the Danish representative to suggest that possible political and constitutional difficulties might be avoided if a formula could be worked out that would avoid "approval" of the document by Ministers. As we have not seen the text, the significance of this remark was not entirely clear to us during the meeting. Subsequently, the Danish representative informed us that he had seen the text and that it calls on governments to approve a policy under which the NATO military authorities would be authorized to use nuclear weapons even prior to any use of them by the prospective enemy. If this is indeed the case, we would imagine that a number of governments might have difficulty at the present time in "approving" the document.

3. It was agreed that the SGLO would do everything in his power to arrange for early distribution of the text to delegations, and that when it was available the Council would reconsider the question. For our part we should be grateful if you could arrange to send us the text as soon as possible, in case there are delays in obtaining its release to the Council through the standing group. In addition, the

problem which is, rightly or wrongly, foreseen by the Danish representative would clearly be an important one and we should be grateful if you would let us know whether it is in fact likely to arise at the forthcoming ministerial meeting. If so, it would be of assistance to receive an early indication of your general approach.

363. DEA/50030-AG-1-40

Le ministre de la Défense nationale
au secrétaire d'État aux Affaires extérieures

Minister of National Defence
to Secretary of State for External Affairs

COSMIC TOP SECRET Ottawa, November 29, 1954

My dear Colleague,

I enclose herewith a copy of the report by the Chairman, Chiefs of Staff, of the main items discussed at the meeting of the Military Committee of the North Atlantic Treaty Organization, held in Washington, November 22, 1954, and a copy of MC-48† in its final form, both of which documents have just come to hand.

Yours sincerely,
RALPH CAMPNEY

[PIÈCE JOINTE 1/ENCLOSURE 1]

Le président du Comité des chefs d'état-major
au ministre de la Défense national

Chairman, Chiefs of Staff Committee
to Minister of National Defence

COSMIC TOP SECRET [Ottawa], November 29, 1954

1. Enclosed, herewith, is a report of the discussions at the Military Committee meeting held in Washington on 22 Nov 54.

2. Your attention is drawn particularly to the discussion of the paper on "The Most Effective Pattern of Military Strength for the Next Few Years", (M.C. 48) which is attached, as this paper will be required to be approved by Ministers at the next Ministerial meeting of the Council. It will be noted that this paper has been considerably modified from the original draft and now Ministers will not be asked to approve the use of mass destruction weapons, but rather to approve the authorization for NATO military authorities to plan and make preparations on the assumption that atomic and thermonuclear weapons will be used in defence from the outset.

3. I am enclosing a second copy of the report and M.C. 48 (FINAL), as it is suggested you may wish to forward these to your colleague, Mr. Pearson.

CHARLES FOULKES

[PIÈCE JOINTE 2/ENCLOSURE 2]

Extrait du procès-verbal de la réunion du Comité militaire de l'Organisation du traité de l'Atlantique Nord

Extract from Minutes of Meeting of Military Committee of North Atlantic Treaty Organization

TOP SECRET Washington, November 22, 1954

The following items were discussed in the order as shown:

1. The Most Effective Pattern of Military Strength for the Next Few Years (M.C. 48).

...

1. THE MOST EFFECTIVE PATTERN OF MILITARY STRENGTH FOR THE NEXT FEW YEARS (M.C. 48)

General Guillaume, Chairman of the Military Committee, in presenting this paper for discussion, stated that the paper was based on an additional narrative by the Standing Group on the Capabilities Studies of the Supreme Commanders relative to the overall problems of such studies. The paper, being based on these studies, was designed to reflect the problem of the nature of a future conflict and the method to be adopted in combatting it; and therefore was valuable as it provided a common basis for comments on the integrated studies of the Supreme Commanders. It was the intention to continue such studies and this was the first report which the Military Committee had been asked to approve and send to the Council.

The main discussion of the paper was opened by *Admiral Sir R. McGrigor, the United Kingdom Representative*, who stated that he was concerned with the reference to priority of the provision of forces in the initial phase, with a subsequent build-up of forces being given a lower priority, as contained in para. 34. He felt that this needed clarification in view of the statement in para. 9 that "it cannot safely be assumed that hostilities will terminate at the end of the initial phase and our forces must be prepared to conduct subsequent operations of much longer duration". Because of this he felt that in the conclusions we should make clear what it meant by such priority. He was concerned with placing too much emphasis on the initial phase being the determinate factor as he felt sure the enemy did not consider he would be defeated in the initial phase and would attempt to isolate our land forces by attacks on ports and communications. He felt that the battle for the control of sea communications (as referred to in para. 26), including the transfer of personnel and war material from ships to ports, would start immediately on the outbreak of a war. In view of this he considered that, on the outbreak of war, the naval forces "in being" referred to in this paragraph should have the same priority as all other forces in the initial phase.

General Hasselman, the Representative of the Netherlands, stated that he felt too much emphasis was being placed in the conclusions on the possibility that the enemy might capitulate after the initial phase. In his opinion it was just as likely that the enemy might not capitulate after the initial phase, and as the Council would have to approve the conclusions, he felt that this particular conclusion might be

interpreted as assuming that the most likely outcome of the initial period would be the capitulation of the enemy, and this could then tend to a decrease in the defence effort. In view of this, he proposed a modification of this aspect of the conclusions, which was agreed.

Admiral Wright, the Supreme Allied Commander Atlantic, stated that, while he was in complete agreement with the conclusions and the recommendations in this paper in that we needed the capability of tolerating an atomic attack by the enemy and also the capability of retaliating with an atomic attack of our own, he felt there was a grave danger if it became assumed that the next war would be a short one and this assumption was used as a basis for future planning. The Soviet Union had a large Navy, in fact larger than all the Allied Navies, and he considered that they proposed to use it; and therefore they were not planning on a short war. At the outset he was certain that the Soviet Navy would not be concentrated in their ports, where they would be subject to atomic attacks, but would be dispersed in other places. He felt therefore that the future pattern of NATO military strength needed to include adequate provision for the controlling of the seas. His concern therefore on this paper was that there appeared to be an over-estimation of the achievement of atomic weapons in the initial phase, which would not allow us to have sufficient forces for the second phase. In this connection he agreed fully with the remarks of Admiral McGrigor.

General Foulkes, the Canadian Representative, stated that he was somewhat concerned with the trend of this discussion. It appeared to him that most of the discussion was emphasizing the second phase of the battle and the importance of making sure that we would be in a position to meet that phase. However it would appear from the report of the Standing Group that the greatest danger to NATO was that we might get defeated in the first stage. He considered that one of the greatest difficulties which the military would have to face when taking this paper to the political authorities would be to convince them of the necessary measures to be taken to ensure that we can win, or at least not lose, the initial phase, because the steps which would have to be taken to ensure this are difficult for democracies to accept. One of these steps was the alerts measures, which are now under study by national governments, and these are the measures which must be taken in order that we may move from a peace to a war footing immediately. He felt that in a war of attrition the West could win, and therefore the only way in which the Soviet Union would have an opportunity of defeating NATO would be by a sudden blow. However, as the initiative will always rest with the Soviet Union, it will be very difficult for the military to plan to meet the initial onslaught unless sufficient priority is given to these measures to ensure survival. He considered that in presenting our plans to the political authorities, we would find that the most difficult part would be in getting agreement to the adoption of the measures necessary to place us in a position to withstand the first destructive blow. Therefore, although he appreciated that there were further complications in what we might have to do if the enemy did not capitulate after the first phase, he considered that there was a danger that if we were not successful in obtaining political clearance to take the measures necessary in dealing with the initial phase, we might be the ones who would have to capitulate after the first phase.

He would like, therefore, to emphasize that it was the preparation for meeting the initial onslaught, which might come without warning, which was the most important problem and the one on which emphasis should be placed.

Admiral Radford, who represented the United States, stated that he fully subscribed to the views of General Foulkes.

Air Marshal Dawson, representing the Supreme Allied Commander Europe, and *Admiral Wright, the Supreme Allied Commander Atlantic*, assured the Committee that there was no fear of conflict developing between SACEUR and SACLANT regarding the priority of their roles or the build-up of their forces. SACEUR fully realized the importance of sea communications at the outset and the need for further studies in this sphere.

General Guillaume, the Chairman of the Military Committee, in concluding discussion of the paper, stated that he felt that the main essence of the discussion had been that we must be able to withstand the shock of the enemy in the initial phase and if possible win the war in that phase, but if we had any doubts about this, we must also, at the same time, prepare for the second phase.

The paper, with certain minor amendments, was then approved by the Military Committee for despatch to the Council.

...

364.

DEA/50030-AG-1-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 1071

Paris, December 1, 1954

TOP SECRET

Reference: My telegram No. 1034 of November 24.

CAPABILITIES STUDY

After the council meeting today I had a talk with Steel and Hughes about the possibility of arranging an informal meeting of the ABC countries on the afternoon of Thursday, December 16, to consider a draft resolution on the capabilities study. Hughes said that he expected Dulles and his party to arrive on December 15 and I said that our party would probably be arriving on December 14. Steel is going to try to get the United Kingdom party to arrive in the morning of December 16, but in any event they would arrive early in the afternoon.

2. Afterwards Steel told me that the United Kingdom had a draft which was awaiting Cabinet approval as soon as they could get over "celebrating the Old Man's [Churchill's] birthday". It was intended to submit this draft both to the United States and Canadian Governments, but since agreement will be difficult to achieve by telegram the United Kingdom had concluded that it would be best to try to

arrange a meeting of the three ABC countries and then show an agreed text to the French.

3. Steel has promised to keep me informed about the time and place of the meeting.

4. It is obvious from what he said that the United Kingdom Government is very worried about the possible political repercussions of the capabilities study and they are doing their best to see that a resolution is drafted which will cause the minimum difficulty not only in the United Kingdom but also in the Scandinavian and other countries including Canada.

L.D. WILGRESS

365. DEA/50030-AG-1-40

Note du chef de la 1ère Direction de liaison avec la Défense pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Head, Defence Liaison (1) Division, to Under-Secretary of State for External Affairs

COSMIC TOP SECRET [Ottawa], December 2, 1954

FUTURE NATO DEFENCE PLANNING

As you know, we have just received from National Defence one copy of a report by the Military Committee (M.C. 48 (Final) of November 22). This report, which is based on the studies on military capabilities in the light of new weapons which the NATO Supreme Commanders have been carrying out for the past year, is to be submitted to the forthcoming Ministerial Meeting of the North Atlantic Council under Item V of the agenda. It is intended to be only the first of a series of studies which the NATO military authorities intend to make over the next few years with a view to reassessing the most effective pattern of NATO military strength.

2. In this report the Military Committee is asking the Council to approve certain conclusions and to approve in principle certain measures as being most necessary to adapt NATO forces for a future major war. These conclusions and measures are intended to serve as a basis for further military planning. The summary of the Military Committee's report is contained in Annex A.

3. You will note that, if the Council approves the Military Committee's recommendations, it will be formally authorizing the NATO military authorities to plan and make preparations on the assumption that atomic and thermo-nuclear weapons will be used by the NATO forces from the outset in any future major war.

4. We have also received from National Defence a brief prepared on this subject for the Canadian Delegation to the next Military Committee meeting, a copy of which is attached. The conclusion of this brief is that M.C. 48 (Final) is "in a form which, as far as Canada is concerned, can be accepted in its entirety." This conclusion is based on the following reasoning:

(a) that the Ministerial Meeting will not be asked to approve the actual use of mass destruction weapons, but rather to approve giving the military authorities

authorization to plan and make preparations on the assumption that such weapons will be used;

(b) that the Council approved at the December 1952 Ministerial Meeting the paper on strategic guidance which envisaged the carrying out of strategic bombing promptly by all means possible and with all types of weapons without exception;

(c) that atomic and thermo-nuclear weapons could in any case be used by the United States, on the direction of the President, irrespective of any NATO decision.

5. The question of what action the forthcoming Ministerial Meeting should take on the Military Committee's report has been discussed in a restricted session by the Permanent Council in Paris and several of the Permanent Representatives have expressed misgivings about the recommendations to be submitted to the Ministerial Meeting (see telegrams 1034 and 1037 from our NATO Delegation and our Memorandum for the Minister of November 26). Our Delegation has asked for an indication of our general approach in preparation for a further discussion. The Minister noted on our Memorandum under reference his view that "A decision of this importance should not be thrown at the NATO Council so suddenly."

6. Apart from the question of whether or not a prior decision to use atomic and thermo-nuclear weapons from the outset in any future war is desirable, it has the gravest implications for Canada and for NATO and should not be taken without the most serious consideration by governments. There is not sufficient time between now and the Ministerial Meeting to give the consideration required. It would therefore seem desirable that the Council should not approve at this Ministerial Meeting the Military Committee's conclusions, or at least the conclusion contained in paragraph 37 of M.C. 48 (Final), but should only note them pending further study by governments. If necessary, the Council could perhaps agree that further military studies could proceed for the time being on the assumption that nuclear weapons would be used, provided this did not pre-judge the final decision by governments.

7. It is true that the North Atlantic Council in 1952 approved a paper on strategic guidance which assumed the use of atomic weapons and which has not been revised since. However, that approval was given under very different circumstances than those obtaining today. (It was before the development of tactical atomic weapons or thermo-nuclear weapons, for example.) It recognized an already known fact — that the United States SAC would retaliate with atomic bombs against any overt Soviet aggression — and it did not envisage the actual issuing of atomic weapons to NATO forces. Indeed, the studies on which the present Military Committee report has been based, which were submitted to the Standing Group last July 1, were prepared before the factors of "fall-out" became known. Formal approval by the Council of the Military Committee's recommendations in present circumstances would therefore, in effect, constitute a new decision. Moreover, the purpose of the present studies, of which this Military Committee report forms part, is to reassess the previously accepted bases of NATO defence planning, and the decision that NATO should use mass destruction weapons from the outset is surely one of the most important conclusions that could come from this reassessment.

8. In the light of these factors, I would recommend that Cabinet should if possible consider this matter before the Ministerial Meeting, or at least that it should be discussed with the Prime Minister before the departure of the Canadian Delegation.

BENJAMIN ROGERS

[PIÈCE JOINTE 1/ENCLOSURE 1]

TOP SECRET

SUMMARY OF M.C. 48 (FINAL)

The argumentation of the Military Committee's report runs as follows:

(a) NATO's hope to deter Soviet aggression lies in convincing the Soviet Union that they cannot *quickly* overrun Europe and that they would be subjected at the outset of any aggression to a devastating counter-attack employing atomic weapons.

(b) It is assumed that, if this deterrent fails, Soviet aggression will take the form of a surprise atomic attack aimed at the sudden destruction of NATO's atomic capability.

(c) NATO's chief, and almost its only, defence against Soviet atomic attack will be an immediate and intensive atomic counter-attack mainly against the Soviet means of delivery.

(d) There is only a remote possibility that the Soviet Union would attempt to take advantage of their preponderance in land and tactical air forces to overrun Europe without employing atomic weapons. If they did, however, it is considered that NATO would be unable to stop them without using atomic weapons both strategically and tactically immediately ("Any delay in their use — even measured in hours — could be fatal", according to the Military Committee).

(e) It is assumed that the NATO powers have — and will retain for "the next few years" — sufficient superiority in atomic and thermo-nuclear weapons, and in the ability to deliver them, to give NATO the major advantage in the initial phase of intensive atomic exchange and to provide a residual supply for use in the subsequent phase of operations.

(f) Offensive measures against Soviet atomic attack are stressed and the only defensive measures envisaged are those (such as the establishment of a satisfactory alert system, the improvement of intelligence and communications and dispersal) designed to protect the strategic air force and the atomic striking forces in Europe.

The most important of the conclusions, which the Military Committee recommends that the North Atlantic Council approve, are:

(a) that it is militarily essential that NATO forces should be able to use atomic and thermo-nuclear weapons in their defence and that the NATO military authorities should be authorized to plan and make preparations on the assumption that atomic and thermo-nuclear weapons will be used in defence from the outset;[69]

[69] Note marginale :/Marginal note:
This is para. 37.

(b) that, should war occur, the best defence against atomic attack lies in the ability of the Allied nations to reduce the threat at the source by immediate and intensive atomic counter-attack; and

(c) that priority in defence planning should be given to the provision of "forces in being", having "an integrated atomic capability" and supported by atomic delivery forces, which will be able to contribute effectively to success in the "initial phase" of intensive atomic exchange of any future major war.

The measures recommended as being most necessary to increase the deterrent and defensive value of NATO forces are:

(a) the provision of "an integrated atomic capability" (i.e., the ability to integrate the delivery of atomic weapons with the delivery of present type weapons);

(b) the provision of a fully effective alert system;

(c) steps to give forces the maximum possible warning of attack;

(d) the allocation of high priority to "forces in being";

(e) dispersal and redeployment measures to enable NATO forces to survive atomic attack.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Instructions pour la délégation à la réunion du Comité militaire de l'Organisation du Traité de l'Atlantique Nord

Brief for Delegation to Meeting of Military Committee of North Atlantic Treaty Organization

TOP SECRET

[Ottawa], November 30, 1954

BRIEF ON M.C. 48 (FINAL) — THE MOST EFFECTIVE PATTERN OF MILITARY STRENGTH FOR THE NEXT FEW YEARS

1. The Canadian Chiefs of Staff, after reviewing this paper along with the capabilities studies of the Supreme Commanders, considered that the paper was suitable for presentation to the North Atlantic Council as a first report on this problem noting, however, that further comprehensive studies will be needed from time to time to cover the later years ahead.

2. When this paper was approved at the Military Committee meeting held in Washington on 22 November, 1954, the main discussion revolved around the reference to priority of the provision of forces in the initial stage with the subsequent build up of forces being given a lower priority; particularly with reference to the Naval forces in being which both the United Kingdom representative and SACLANT felt should be given equal priority with those in the initial phase. Apart from this, discussion centred on the emphasis that we must be able to withstand the shock of the enemy attack in the initial phase and not lose the war in that phase. This would include the difficult task of obtaining from the political authorities adoption of the measures necessary to place us in a position to withstand the first destructive blow which would include approval of those measures which must be taken in order that we can move from a peace to a war footing immediately. How-

ever, as there is no assurance that all the enemy forces will capitulate after the initial phase, we must make whatever preparation is possible for the second phase which will not interfere with the preparation and build up necessary for the first phase.

3. It will be noted that this paper, M.C. 48 (Final), has been considerably modified from the original draft and that now Ministers at the Ministerial meeting will not be asked to approve the use of mass destruction weapons but rather to approve giving the military authorities authorization to plan and make preparations on the assumption that atomic and thermonuclear weapons will be used in defence from the outset. *In view of this, it is considered that this paper is in a form which, as far as Canada is concerned, can be accepted in its entirety.*

4. As far as the authority for the use of mass destruction weapons is concerned, it is felt that any discussion on this aspect would be academic for the following reasons:

(a) It will be recalled that in a North Atlantic Council meeting on 3 December, 1952, as referred to in Council Document CR(52)31, the Council approved "The Strategic Concept for the Defence of the North Atlantic Treaty Area (M.C. 3/5 (Final))" which, in particular, stated in paragraph 7 the following:

"7. Overall defence plans must provide in advance of war emergency, specifically for the following basic undertakings in furtherance of the common objective to defend the North Atlantic Area. The successful conduct of these undertakings should be assured by close coordination of military action as set forth in overall plans.

(a) *Insure the ability to carry out strategic bombing promptly by all means possible with all types of weapons, without exception.* This is primarily a U.S. responsibility assisted as practicable by other nations.

(b) Arrest and counter as soon as practicable the enemy offensives against North Atlantic Treaty powers *by all means available*, including air, naval, land and psychological operations. Initially, the hard core of ground forces will come from the European nations. Other nations will give aid with the least possible delay and in accordance with overall plans."

From this it is considered that the Council have already authorized the military authorities to use all weapons available.

(b) With regard to this particular paper, M.C. 48, it will be recalled that this report was written on the express direction of the North Atlantic Council requesting the Military Committee to initiate a reassessment of the most effective pattern of the military strength for the next few years within the resources which it is anticipated may be made available, taking into account the use of new weapons and techniques referred to in North Atlantic Council resolution of 23 February, 1952, Document D9-D/20.

(c) It will be appreciated that for some time to come the bulk of atomic and thermonuclear weapons will be provided by the United States and that the decision to use them rests with the President. Therefore such weapons could be used by the

United States on the direction of the President, irrespective of any NATO decision, as long as the operational use of such weapons is initiated solely from U.S. bases.

366. DEA/50030-AG-1-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM 940 Ottawa, December 6, 1954

TOP SECRET. IMPORTANT.

Reference: Your telegram No. 1091 of December 3.†
Repeat London No. 1860; Washington EX-2240.

FUTURE NATO DEFENCE PLANNING IN LIGHT OF THE EFFECT OF NEW WEAPONS

We have now been approached by the United Kingdom High Commissioner's Office here with respect to the Military Committee's report on future NATO defence planning, which is on the agenda for the forthcoming NATO Ministerial Meeting. Our tentative views are contained in our immediately following telegram.

2. Following is the text of the C.R.O. telegram to Earnscliffe. Begins:

Ministers have been considering the difficult question of the authority for Saceur to use nuclear weapons which will arise at the forthcoming NATO Ministerial meeting.

2. Problem arises in the following way. In the report by the Military Committee (MC 48 (final)) it is stated that Saceur's ability successfully to adopt a forward defence of Europe, depends on the NATO forces being able to use atomic and thermo-nuclear weapons in their defence from the outset of a new war. Paragraph 37 of this paper concludes that NATO military authorities should be authorised to plan and to make preparations on this assumption, and paragraph 40 (a) recommends that the North Atlantic Council "approve the above conclusions noting the significance of" this assumption.

3. We do not question the military necessity for Saceur to plan on this basis. In its present form, however, the proposed recommendation removes from member governments of the North Atlantic Council the responsibility to take final decisions about the use of these weapons. Moreover, under the system of alerts set out in SG 129/4 (revised final) of May 8th, 1953 (paragraph 10, enclosure (a)) it would be possible for Saceur to take action without reference to governments in the event of an armed aggression taking place in the North Atlantic Treaty area. It would therefore be possible for Saceur to begin a thermo-nuclear war in certain eventualities without reference to governments.

4. We are sure that public opinion in the west would not, in general, be willing to accept this situation. Nor can member governments abdicate their responsibility on

so grave an issue as this. The French Ambassador called on Foreign Secretary yesterday, December 2nd, and left with him a memorandum expressing the opposition of the French Government to leaving these absolute powers in the hands of Saceur, and suggesting that this problem should first be discussed with the members of the Standing Group (see Foreign Secretary's despatch 837 to Paris, copy of which follows by bag).

5. Our present thought is that the best solution would be for the Ministerial meeting of the North Atlantic Council to adopt a resolution which would both leave it free to Saceur to continue to plan in accordance with military necessity, and, at the same time, reserve to member governments the ultimate responsibility to take final decisions. The following draft resolution expresses what we have in mind: "The North Atlantic Council accept as a basis for military planning, that the measures in the enclosure to the report are necessary to adapt our military forces for a future major war, but emphasise that except in the event of a prior atomic or thermo-nuclear attack by an aggressor it must remain the ultimate responsibility of member governments to take final decisions, particularly in regard to the use of atomic or thermo-nuclear weapons."

6. This formula has the advantage that if Saceur is attacked with atomic or thermo-nuclear weapons, he can retaliate at once with similar weapons, but that, in all other cases, the decision to use these weapons rests with governments.

7. If this resolution were to be adopted by the Council, it would, I think, be also desirable for the elaborate system of alerts contained in SG 129/4 (revised final) to be re-examined in order to see whether it is appropriate to the conditions of thermo-nuclear war, but this exercise could be undertaken by the experts after the meeting of the Council.

8. United Kingdom Ambassador has been instructed to approach Mr. Dulles urgently and enquire whether he agrees with our thought that a resolution on the lines set out above would be the best way of resolving our difficulties. Please make similar approach to Canadian authorities.

9. As regards procedure, Foreign Secretary told the French Ambassador yesterday, December 2nd, that he did not think it likely that the NATO powers would be willing to hand over the problem to the Standing Group. Please say that personally we would rather suggest that as soon as our two governments, together with the United States Government whom we are also approaching, have reached agreement we should try to obtain the agreement also of the French Government and thereafter of the other NATO governments.

10. Foreign Secretary has already proposed to Mr. Dulles that they might discuss this further in Paris on the afternoon of December 16th, and we would hope that Mr. Pearson would be ready to join them. It will, however, be necessary to give the French a preliminary reply next week. We therefore hope that the Canadian Government will be able to send us their views without delay. Ends. Message Ends.

367. DEA/50030-AG-1-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM 941 Ottawa, December 6, 1954

TOP SECRET. IMPORTANT.

Reference: Our immediately preceding telegram.
Repeat London No. 1861; Washington EX-2241.

FUTURE NATO DEFENCE PLANNING IN LIGHT OF THE EFFECT OF NEW WEAPONS

The United Kingdom views have been discussed with the Minister (who is in New York) whose views are as follows:

(a) He concurs in the approach expressed in the proposed United Kingdom resolution given in C.R.O. Telegram No. 1362 of December 4.[70]

(b) He will be glad to meet Mr. Eden and Mr. Dulles before the Ministerial Meeting of the North Atlantic Council to discuss this matter. He plans to arrive in Paris on the morning of December 15.

(c) It is of the utmost importance to avoid controversy and debate at the Ministerial Meeting, word of which would be almost sure to leak to the public.

(d) If agreement cannot be reached in advance of the Ministerial Meeting on a resolution along the lines of the United Kingdom draft, it would be advisable for the Council merely to note the Military Committee's report and to request the NATO military authorities to pursue their present studies. This would enable member governments to give further consideration to the matter and to take more positive action either in the Permanent Council or at the subsequent Ministerial Meeting. Meanwhile, the NATO military authorities could continue to plan in accordance with the terms of the strategic guidance adopted in 1952 and still in force.

2. The above have been given to Earnscliffe as our preliminary views, subject to confirmation or amendment after discussion with the other Ministers concerned.

3. The United Kingdom has made a similar approach in Washington and we understand Mr. Dulles to have given as his preliminary view that this matter should be approached as far as possible on an informal basis by discussion among the powers principally concerned.

[70] Voir le document précédent/See previous document.

368. DEA/50030-AG-1-40

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

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

TOP SECRET [Ottawa], December 8, 1954

FUTURE NATO DEFENCE PLANNING IN LIGHT OF THE EFFECT OF NEW WEAPONS

On the assumption that the question raised by the report of the NATO Military Committee to the Council would be discussed in Cabinet we prepared a draft memorandum which it was thought you might wish to pass around to your colleagues at the Cabinet meeting. Subsequently we learned that the Prime Minister had decided that, instead of having a discussion in full Cabinet, he would prefer to discuss it with you and Mr. Campney. I attach three copies of the draft memorandum. You might wish to give copies to the Prime Minister and Mr. Campney when you are discussing the matter with them; or you may prefer simply to regard the draft memorandum as a brief.

2. I also attach three copies of Top Secret Telegram No. 1097 of December 6 from the NATO Delegation. This contains an account of a briefing given the Council by General Gruenther. The telegram states very clearly the attitude of the military on the very important question whether they should make their plans and preparations on the assumption that atomic and thermo-nuclear weapons will be used by the NATO forces from the outset in any future major war. It does not, however, introduce any new considerations.

3. One of the very difficult problems that has not yet been resolved in NATO is the question of what political decision, if any, is required before the NATO forces can engage in hostilities (except to defend themselves). Approval of the Military Committee's report would not, in express terms, prejudge this question. There can be no doubt, however, that it would strengthen the belief of the military that they had been given authority to *use* nuclear weapons immediately on the outbreak of war. I believe that urgent consideration should be given to the whole problem, but that it is of such crucial importance that it should not be decided hastily in the fortnight preceding the Ministerial meeting.

4. We have given Earnscliffe informally your tentative views, emphasizing that you had not had an opportunity of discussing them with your colleagues. We said that we would give them considered views later. The British Embassy in Washington reports that the State Department appears to accept the necessity of a Council resolution — (presumably, something along the lines of the United Kingdom draft) — but may come up with an alternative draft.

R.A. M[ACKAY]
for Under-Secretary of State
for External Affairs

[PIÈCE JOINTE 1/ENCLOSURE 1]

Projet d'une note pour le Cabinet

Draft Memorandum for Cabinet

TOP SECRET [Ottawa], December 7, 1954

FUTURE NATO DEFENCE PLANNING IN LIGHT OF THE EFFECT OF NEW WEAPONS

One of the items on the agenda of the forthcoming Ministerial Meeting of the North Atlantic Council is a report by the Military Committee on "The Most Effective Pattern of Military Strength for the Next Few Years" (Document M.C. 48 (Final) of November 22). A summary of the contents of this document is annexed.[71] This report, which is based on the studies on military capabilities in the light of the new weapons which the NATO Supreme Commanders have been carrying out for the past year, is intended to be only the first of a series of studies which the NATO military authorities are making over the next few years with a view to reassessing the basis of NATO defence planning. The Military Committee's report raises the difficult question of the NATO Supreme Commanders' authority to use nuclear weapons. If the Council approves the Military Committee's recommendations it will be formally authorizing the NATO military authorities "to plan and to make preparations on the assumption that atomic and thermonuclear weapons will be used by the NATO forces from the outset in any future major war".

2. The question of what action the NATO Ministerial Meeting should take on the Military Committee's report has been discussed in a restricted session by the Permanent Council in Paris and several of the permanent representatives have expressed misgivings that governments should have to make up their minds in such a short space of time on recommendations having such far-reaching political, military and financial implications.

3. Misgivings have also been expressed by the United Kingdom in approaches made to the United States and ourselves in the last few days. The United Kingdom Government are afraid that the proposed recommendation will remove from NATO Governments the responsibility of taking final decisions about the use of nuclear weapons and, under the system of alerts now being worked out, would enable SACEUR to begin a thermonuclear war in certain eventualities without reference to governments. The United Kingdom have, therefore, suggested that the best solution would be for the Ministerial Meeting to adopt a resolution which would leave SACEUR free to continue to plan in accordance with military necessity but would at the same time reserve to member governments the ultimate responsibility to take final decisions. Sir Anthony Eden has proposed that Mr. Dulles and I might discuss this matter in Paris on the afternoon of December 16 (the day before the Ministerial Meeting begins). He has in mind the following draft resolution:

"The North Atlantic Council accept as a basis for military planning that the measures in the enclosure to the report are necessary to adapt our military forces

[71] Voir le document 365, pièce jointe 1/See Document 365, enclosure 1.

for a future major war, but emphasizes that, except in the event of a prior atomic or thermonuclear attack by an aggressor, it must remain the ultimate responsibility of member governments to take final decisions, particularly in regard to the use of atomic or thermonuclear weapons".

4. I understand that Mr. Dulles, in reply to this approach, agreed that political control in this matter must be assured but said he would be opposed to any suggestion to set up any mechanism within the NATO Council for giving such authority to SACEUR. His preliminary view was that this matter should be approached as far as possible on an informal basis by discussion among the powers principally concerned.

5. I also understand that the French Government have approached both the United Kingdom and United States Governments expressing opposition to the delegation of powers of final decision in this field to SACEUR.

6. It is true that the North Atlantic Council in 1952 approved a paper on strategic guidance which assumed the use of atomic weapons and which has not been revised since. However that approval was given under far different circumstances than those obtaining today (viz. before the development of tactical atomic weapons or thermonuclear weapons). It recognized the already known fact, that the United States Strategic Air Command would retaliate with atomic bombs against any overt Soviet aggression, and it did not envisage the actual issuing of atomic weapons to NATO forces in Europe. Indeed, the studies on which the present Military Committee's report has been based, which were submitted to the Standing Group last July 1, were prepared before the facts of "fall out" became known. Formal approval by the Council of the Military Committee's recommendations in present circumstances would, therefore, in effect constitute a new decision. Moreover, the purpose of the present studies, of which this Military Committee report forms part, is to re-assess the previously accepted bases of NATO defence planning and the decision that NATO should use mass destruction weapons from the outset is one of the most important conclusions that can come from this re-assessment.

7. It is my own view that a decision of this importance should not be taken by member governments without more considered study than there is time for between now and the Ministerial Meeting. I have, therefore, informed the United Kingdom that my tentative views, subject to discussion with my colleagues, are as follows:

(a) I agree with the general approach expressed by the United Kingdom;

(b) I will be glad to meet Sir Anthony Eden and Mr. Dulles before the Ministerial Meeting to discuss this matter;

(c) It is of the utmost importance to avoid controversy and debate at the Ministerial Meeting, word of which would be almost sure to leak to the public; and

(d) If agreement cannot be reached in advance of the Ministerial Meeting on a resolution along the lines of the United Kingdom draft, it would be advisable for the Council merely to note the Military Committee's report and to request the NATO military authorities to pursue their present studies. This would enable member governments to give further consideration to the matter and to take more positive action later, either in the Permanent Council or at the subsequent Ministe-

rial Meeting. Meanwhile the NATO military authorities could continue to plan in accordance with the terms of strategic guidance adopted in 1952.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 1097 Paris, December 6, 1954

TOP SECRET. IMPORTANT.

Reference: Our telegram No. 1067 of December 1, 1954.†

BRIEFING BY GENERAL GRUENTHER TO NATO COUNCIL ON CAPABILITIES STUDY

As indicated in our telegram under reference, General Gruenther gave a briefing at SHAPE on December 3 to the Permanent Representatives on the capabilities study and the military thinking behind it. Wilgress and Burbridge from this delegation attended.

2. Gruenther, as usual, was very forthright, forceful, and persuasive in outlining the problems now facing NATO military authorities. Throughout he emphasized repeatedly the necessity of NATO forces in the event of a Soviet attack, making use of atomic weapons including the bomb from the outset even though there was no immediate evidence of the enemy using such weapons. Among other things he pointed out the following:

(a) The basic assumption on which SHAPE started its consideration of the capabilities study was the forces which were estimated to be available in mid 1957. This date was entirely arbitrary and had no special significance. In fact it now appears to be a bit early because it seems unlikely that the German contribution would be available by that time.

(b) It was estimated that the Soviet Union would have the following military potential available around the above-mentioned date:

(i) The present 175 divisions with improved equipment and training. It was not estimated that these divisions would increase in number.

(ii) The present Soviet Air Force with an increasing percentage of jet aircraft and the beginnings of a reasonably effective long range air force.

(iii) Approximately 89 satellite divisions which would be slightly improved in quality but still relatively weak.

(iv) A satellite air force of approximately 2400 planes and probably not very effective.

(v) Some improvement in the 162 air fields which intelligence sources indicate are now available.

(vi) Approximately 600 submarines of which 450 would be available for use in the NATO area and the remainder would be long range submarines. Gruenther said that of this total Soviet military potential he thought an attack on Western Europe might involve 134 Soviet divisions and 80 satellite divisions, supported by about 22000 aircraft.

(c) Against these Soviet forces SHAPE estimated that NATO could have available by D plus 15:

(i) 84 divisions plus 23 brigade groups

(ii) 9724 aircraft. This figure exceeded that shown in NATO force goals because it includes some aircraft under national command.

(d) It was assumed that the enemy would use atomic weapons, if not from the outset, at least shortly after, and that the order of priority of attack by the Soviet would be the following:

(i) Combat forces: atomic potential, striking power with conventional weapons, command posts and lines of communication in that order

(ii) Centres of government

(iii) Depots and sources of supply

(iv) Ports and sea lanes

(e) The conclusions emerging from the SHAPE study include the following:

(i) The most important and probably difficult task for the Western powers would be to survive the initial and likely surprise attack.

(ii) In view of the comparative forces mentioned above, in order to survive the initial attack it would be necessary for the Western powers to use immediately all atomic weapons at their disposal.

(iii) Priority must necessarily be placed on combat-ready forces and on the first 30 days of war. In this connection he said there was some confusion about a "30 day war". He stressed that this period did not (repeat not) mean that SHAPE felt that a future war would be limited to 30 days or that navies or reserve forces had no importance. He said that the intensity and the devastation would probably be greatest in this initial period following which there may be a lull allowing each side to remuster and settle down to a long war, but that the gains made in the first 30 day period would probably influence the outcome.

(iv) It will be absolutely essential for the Western forces to destroy at the outset the atomic potential, including production facilities and atomic bomb carrying aircraft, of the Soviet Union.

(v) In order to hold the line and survive the first Soviet attack it is essential to greatly improve the NATO system of air defence.

(f) Regarding the various defence lines which the Western powers might hold, he stressed that it was always assumed that 31 divisions at D-day and at least 65 at D plus 30 would be essential to maintain a defensive line on the Rhine. It would require at least 60 divisions at D-day and 75 at D plus 30 for the West to hold, with conventional weapons, a line east of the Rhine in order to defend Western Europe and particularly Denmark. He said such forces were beyond the economic and

political capabilities of the NATO powers and concluded that the only choice remaining was to use atomic weapons fully integrated into the forces which were estimated would be available by 1957.

(g) Without the use of atomic weapons the NATO forces would be hopelessly vulnerable. With the use of such weapons the Western forces would have a distinct advantage in attacking Soviet lines of communication and concentrated Soviet forces. He said the military had no reason to believe that the traditional Soviet practice of using tremendous manpower in concentrated attacks would not be again employed. Such concentrations of course would be ideal targets for atomic weapons.

(h) Among the conclusions flowing from the SHAPE study, Gruenther mentioned the following:

(i) Western forces would have to be dispersed much more in a future war than in past wars as a protection against possible Soviet atomic attack.

(ii) The effective defence of the Central European Sector, particularly with respect to air fighter forces, required that the protection of Southern Denmark be entrusted to the Central Command.

(iii) Future NATO divisions would need to be smaller and more mobile and have greatly improved communications. This was a most difficult problem and probably would not be solved until well on into next year.

(iv) The pattern of NATO airfields might require alteration. This involved two questions. The first, whether it was appropriate to plan on deploying as many as 75 aircraft per airfield, which is the present planning assumption, and secondly whether long runways could be eliminated. He did not think they could, at least within the next five years.

(i) During the question period, Gruenther said that the recent decision of the Moscow conference to integrate Soviet forces in the event the Paris agreements were ratified had no effect on the present situation. He said Soviet forces were already integrated as closely as possible. He mentioned that the Soviets were already trying to raise an East German army and that his figures on Soviet strength mentioned above included 7 East German divisions.

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

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

TOP SECRET

Ottawa, December 9, 1954

FUTURE NATO DEFENCE PLANNING IN LIGHT OF THE EFFECT OF NEW WEAPONS: NATO ANNUAL REVIEW, 1954

I attach for your signature a draft telegram to our NATO Delegation in Paris in reply to their telegram No. 1109 of December 7 (copy of which is also attached)

giving the draft of a resolution on the 1954 Annual Review to be submitted to the forthcoming Ministerial Meeting.

2. You will note that paragraph 1 (a) of this draft resolution asks the Council to note that an effective defence policy for NATO requires in particular action to implement the decisions of the Council on Document MC 48 (the Military Committee's report on the most effective pattern of NATO military strength for the next few years). This paragraph obviously assumes that the Ministers will give full approval at this meeting to the Military Committee's recommendations and that they will be prepared to approve now the financial implications of reorganizing the NATO forces to use atomic weapons.

3. In the draft reply which I attach, we suggest that the Delegation should hedge on this paragraph of the resolution.

4. We have not so far brought the Department of Finance into the picture with respect to the Military Committee's report. We had hoped that we could reach agreement with the Department of National Defence on a common line before doing so. Under the circumstances, however, we have asked one of the officials of the Department of Finance to come to the East Block today in order that we might outline to him the present position.

J. L[ÉGER]

[PIÈCE JOINTE/ENCLOSURE]

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 1109 Paris, December 7, 1954

NATO SECRET

DRAFT RESOLUTION ON THE 1954 ANNUAL REVIEW

We have just received the text of the International Staff's draft resolution on the 1954 annual review, Document AC/19-D/129 of December 7. The full text is as follows:

Text Begins:

The North Atlantic Council:

Having considered the report on the annual review 1954 and the comments of the Military Committee thereon, in which the committee state that Soviet military strength will remain at least undiminished, and in respect of submarine, air, and atomic capabilities will increase, during the period covered by the report;

Recognising, particularly in the light of the Council report on trends of Soviet policy that the threat to the security of the North Atlantic Alliance remains; and

Recognising that the defence effort of the North Atlantic Community must be correspondingly sustained;

1. Notes that an effective defence policy for NATO requires, in particular:

(a) action to implement the decisions of the Council on MC.48;

(b) the active participation of the Federal Republic of Germany in NATO defence;

(c) the build-up of forces to a level not lower than that of the 1956 planning goals, agreed in the course of the 1953 annual review.

2. Notes that the recommendations made by the NATO military authorities in the course of the 1954 review reflect the general trend of the current capabilities studies.

3. Reiterates the paramount importance which the Atlantic Community attaches to the rapid entry into force of the agreements signed on 23rd October 1954 which will provide for the early participation in Western defence of German forces.

4. Notes that despite the progress made in the course of 1954, existing forces are below the firm goals agreed in 1953.

5. Notes with satisfaction that many recommendations of the NATO military authorities, tending to increase the size or effectiveness of the NATO forces, have been accepted by countries in the course of the annual review.

6. Notes, nevertheless, that the defence plans submitted by several countries in respect of 1955, 1956 and 1957 envisage smaller contributions than forecast in the 1953 review; and that it may be necessary for some countries to allocate resources for defence at a higher level than currently indicated in order to make adequate provisions for their forces as now planned.

7. Adopts the force plans set out in Annex I of each country study in Part III of the report and summarised in the revised force tables in Part II of the report as firm goals for 1955, provisional goals for 1956, and planning goals for 1957;

Urges governments individually and collectively not only to meet their commitments with respect to the 1955 goals, but also to take all steps in their power at least to attain the goals for 1956 and 1957.

8. Notes that the Council will study the statements made by ministers at this meeting, and the comments of member governments contained in Annexes III to the country report in Part III of the report, in order to assess by 1st February 1955 the results of the 1954 review.

9. Requests member governments to maintain close touch with the NATO military authorities — and the International Staff where appropriate — regarding contemplated changes or adjustments in their defence plans, including those designed to enable them to implement, as far as possible, recommendations in accordance with the guidance on military priorities set out in the report.

10. Requests member governments to furnish a brief written statement to the Council by 15th April 1955 upon their progress towards implementing the firm force goals for 1955 and the recommendations made to them, whether so far accepted or not.

11. Recognises the increased importance of raising the effectiveness and capability of forces available at the outset, and the need to form certain units, which are essential for the common defence.

12. Accepts as military guidance the comments by the Military Committee on the 1954 annual review report; and

Calls the attention of governments especially to the conclusions to these comments (annexed).

13. Notes with satisfaction that a short-term study on national military service has been completed, and that a further study is to be undertaken in the coming year;

Invites member governments to give their most careful consideration to the measures described in the short-term study and to take all practicable steps to put into effect such measures as might appropriately be adopted by them.

14. Notes that despite further progress during 1954, there is a continued shortage of certain types of matériel, particularly of aircraft, electronics and communication equipment, ammunition, escort vessels, and minesweepers, and a continued inadequacy of operational reserves.

15. Emphasizes the vital part played by the continued supplies of military equipment to the European countries under mutual aid from the United States and Canada;

Notes the important statements made by the Canadian and United States governments relating to assistance in maintaining equipment of North American origin provided to European forces:

Recognises also the great value of the continuation of the Canadian aircrew training programme and of the offshore procurement programme of the United States Government in assisting European member countries to overcome various limitations on their own efforts.

16. Invites member governments to take appropriate action towards implementing the recommendations on equipment and production and end-item aid contained in special reports Nos. 3 and 4 of Part II of the report.

17. Notes that the conclusions of the current study on annual recurring costs will be presented to the Council as soon as possible; and

Invites the active participation of member governments in seeking solutions to the problems raised by the long-term maintenance of NATO forces.

18. Notes that economic developments in many member countries have been very encouraging during the past year, and that economic circumstances should not prevent most countries from increasing the planned level of defence effort.

Considers, nevertheless, that given the prospect of the continuance of the present degree of tension over a long period, defence programmes must take account of long-term politico-economic considerations and that, so far as these permit, member governments should be prepared to allocate to defence a proportion of any future increases in national resources when necessary to meet important military needs.

19. Recognises that the well-being of the North Atlantic Community depends on the maintenance of high and rising levels of production and trade.

Notes that member governments, in seeking to improve their defence efforts and to raise living standards, are faced in varying degrees by political and economic problems.

Urges member governments, in the light of the changing situation, to strengthen individual and collective efforts to provide durable solutions to these problems, and thus to ensure a sound social and economic foundation for lasting political and defensive strength. Text Ends.

2. This draft is to be discussed by the Annual Review Committee on the afternoon of December 8. We appreciate that it might be impossible for you to get comments or instructions to us for the December 8 meeting. It is possible, however, that the draft resolution will be discussed at Council meeting on the morning of December 10. If you have any comments or amendments to suggest, we would be grateful to have them by that time.

370. DEA/50030-AG-1-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM 967 Ottawa, December 9, 1954

TOP SECRET. IMMEDIATE.

Reference: Your telegram No. 1109 of December 7.

NATO ANNUAL REVIEW, 1954

We are somewhat concerned with the firm assumption made in paragraph 1 (a) of the draft resolution given in your telegram under reference that the Ministerial Meeting will give full approval to the Military Committee's report. It may be that the decision of the Ministerial Meeting will be something less than full approval and, if that is the case, it would cause less difficulty if there were alternative wordings for paragraph 1 (a) or if the wording were at least less categorical.

2. You will be aware of the United Kingdom views and of those of the Minister from our telegrams number 940 and 941 of December 6. I would therefore suggest that you somehow reserve our position for the time-being with respect to this paragraph.

L.B. PEARSON

371. DEA/50030-AG-1-40

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

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

TELEGRAM 1898 Ottawa, December 9, 1954

CONFIDENTIAL

Repeat CANAC Paris No. 964.

MEETING WITH EDEN AND DULLES

Mr. Pearson, in response to an enquiry from Earnscliffe, has agreed to meet with Sir Anthony Eden and Mr. Dulles in Paris at 3:30 P.M. on Thursday, December 16 to discuss the handling of the report of the Military Committee on future NATO defence planning. He expects to arrive in Paris before lunch on Wednesday, December 15.

372. DEA/50030-AG-1-40

Le secrétaire d'État aux Affaires extérieures au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs to Permanent Representative to North Atlantic Council

TELEGRAM 977 Ottawa, December 11, 1954

TOP SECRET. IMPORTANT.

ACTION TO BE TAKEN ON M.C. 48

Following is text of telegram No. 2656 from British Embassy Washington to Foreign Office, Begins: *SACEUR*

When I finished speaking to Dulles last night about the proposed Bangkok meeting [of SEATO] (your personal telegram No. 6065), he reverted to the question of the authority to be given to SACEUR in the matter of atomic weapons.

2. He said (as reported in my telegram No. 2632) that he had hoped to give me his views on your draft resolution and perhaps to suggest some amendments.

3. However when he and the Secretary of Defence had discussed the question with the President, they found that he had decided views on the matter. Mr. Dulles would not therefore now be able to give a definite view before he had discussed the matter with you in Paris.

4. The President is evidently most reluctant to see this matter made the subject of formal action by the NATO Council. He is inclined to regard the report of the Military Committee as a planning paper containing the assumptions on which

SACEUR will proceed, and as not giving him authority to take action. If the time for that ever came, circumstances rather than any formal procedure would dictate the manner in which the authority to SACEUR was given. The President seems to be thinking in terms of an understanding between the heads of the Governments who would have the principal responsibility. This understanding which would clarify the political channels through which decisions would be conveyed to SACEUR would be reached in informal discussion. His preference therefore is for the adoption of the Military Committee's report by the Council without any formal resolution, but on the basis of an informal understanding between us, the Canadians and presumably the French.

5. Mr. Dulles said that according to his information, the lesser members of the Council had not shown much interest in this matter, and that it was rather the French Government and ourselves who were most deeply concerned.

6. I said that I was not fully informed on the latter points, but I thought you must have reason to suppose that other Governments would raise the question, and that some action was necessary to calm their fears and enable SACEUR to continue his planning unhampered. I again went over the points in your telegram No. 6014 and concluded by saying that you had felt that something should be said to the French this week in order to keep them quiet. Mr. Dulles replied that M. Mendes-France probably had other things to think about. The State Department had not responded to the French memorandum, and the French had not followed it up in any way. He believed therefore that the situation could be held until he could sit down with you and Mr. Pearson in Paris next week; in the meantime he had an open mind on how to proceed. He realised that it was necessary to get a meeting of minds with you and Canadians before tackling the French.

7. Mr. Dulles said at one point that he had been toying with the idea of including in a resolution some provision enabling SACEUR to use atomic weapons automatically if the other side used them first. The President however had objected to this on the ground that the decision would certainly come out and might give the impression that the Russians were being offered a standstill in the use of atomic weapons in Europe. This might encourage them as far as Europe was concerned to rely on this implied undertaking, and base their plans on the use of conventional forces and weapons in which they had such a decided advantage. It was only our superiority in atomic weapons, and our powers of atomic retaliation which now helped to hold the balance of military power even in Europe against the Soviet Union, and NATO could not possibly afford to have two establishments, one for atomic and one for non-atomic war. The President was not in favour of anything which might imply a limitation on the use of atomic weapons in defence.

8. No doubt Mr. Dulles will elaborate his views on these matters in conversation with Mr. Pearson and yourself, and I do not propose myself to seek further clarification unless you wish me to do so.

British Embassy telegram Ends.

2. Please show this and immediately following telegram to General Foulkes as soon as possible.

373. DEA/50030-AG-1-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM 978 Ottawa, December 11, 1954

TOP SECRET. IMPORTANT.

Reference: My immediately preceding telegram.

ACTION TO BE TAKEN ON M.C. 48

Following is text of Foreign Office telegram 6116 of December 10 to British Embassy, Washington, Begins: Your Telegram No. 2656.

SACEUR

I understand the President's preoccupations on the substance of this matter. We must of course consider these issues carefully. But the problem which faces the NATO Council next week is the Military Committee's report which recommends that the Council should "approve" the conclusion that NATO forces will be able to use atomic and thermo-nuclear weapons in their defence from the outset of a new war, and should "note the significance of" the assumption that NATO military authorities be authorised to plan and make preparations accordingly.

2. If the Military Committee's Paper did not contain this specific recommendation we might proceed as the President has suggested, but unfortunately this is not the case. My only object is to enable Saceur to get on with his planning without causing some at least of the NATO Governments political difficulties. The draft resolution which I have proposed would achieve this, but if the Americans can think of a better formula I am of course ready to consider it. From our reports from Paris it is not only the French but others who are troubled. I greatly doubt whether we can solve the difficulty by the simply adoption of the Military Committee's report, and to try and do so might create the political difficulties which would endanger Saceur's planning.

3. The French have followed up their memorandum here on several occasions. I had hoped to be able to give them my draft resolution this week to think about. But I shall now tell them that I do not expect to be able to reply to their memorandum until I see the French Prime Minister on Thursday.

4. Please inform Mr. Dulles of the above. Ends.

374. DEA/50030-AG-1-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au ministre de la Défense nationale

Permanent Representative to North Atlantic Council to Minister of National Defence

TELEGRAM 116 Paris, December 12, 1954

TOP SECRET. IMMEDIATE.

For Mr. Campney from General Foulkes.

1. Reference our discussion in Mr. Pearson's office. I have had a discussion with Admiral Radford and General Truesdale. They are prepared to have MC 48 (Final) amended as Mr. Pearson suggested as follows:

Paragraph 37 last line delete word quote will unquote and substitute the word quote may unquote and paragraph 40 sub-para (a) delete the last phrase quote noting the significance of the assumption in paragraph 37 unquote. I have been unable to get in touch with Air Chief Marshal Dickson the UK Representative who has not as yet arrived in Paris but hope to get in touch with him later tonight. I have arranged a meeting at 0900 hours Monday with ADM Radford, ACM Dickson and Gen Gruenther to confirm the deletion of the above by the Military Committee to be sponsored by the Standing Group. Will report later on Dickson's reaction. Radford agrees that if at all possible there should be no discussion on these matters at the Council if this could at all be avoided. Will report later on discussions held on Monday.

2. Will you please advise Mr. Pearson of above.

375. DEA/50030-AG-1-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au ministre de la Défense nationale

Permanent Representative to North Atlantic Council to Minister of National Defence

TELEGRAM 117 Paris, December 13, 1954

TOP SECRET

For Mr. Campney from General Foulkes.

Further to my Telegram No. 116.

I saw Air Chief Marshal Dickson at 2200 hours last night. He has agreed to the amendments of paragraph 37 and the conclusions so that they are acceptable to Ministers. Will report earliest results of meeting with Admiral Radford, General Gruenther and Air Chief Marshal Dickson 0900 hours today.

376. DEA/50030-AG-1-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au ministre de la Défense nationale

Permanent Representative to North Atlantic Council to Minister of National Defence

TELEGRAM 118 Paris, December 13, 1954

TOP SECRET

For Mr. Campney from General Foulkes.

1. With further reference to my Telegrams No. 116 and No. 117. Have been negotiating all morning with the UK and USA to find suitable wording to amend paragraphs 37 and 40(a) without much success as both countries were asking for instructions.

2. Admiral Radford and Air Chief Marshal Dickson suggested that I should sponsor this revision to paragraphs 37 and 40(a) as it would create difficulties for both the UK and US who are both Standing Group countries as they had previously secured political clearance on this paper before the Washington meeting. I was not anxious to put forward any UK amendment as a Canadian suggestion however at a meeting of the Military Committee this afternoon General Gruenther made a statement regarding this paper and referred specifically to paragraph 37 in which he said he understood that there would be certain political difficulties in getting the Council to approve paragraph 37 and General Gruenther emphasized the difficulties he would be in if approval was not given to this paper. I seized on this opportunity and stated that if the situation was as reported by General Gruenther and it was expected that there might be political difficulties in approving this paper in the present wording of paragraph 37 I suggested to the Military Committee that we should have another look at this paragraph at the next session of the Military Committee to be held tomorrow afternoon and see whether we could not devise a suitable wording which would meet the requirements of General Gruenther and yet not raise political difficulties. There was quite a bit of discussion on the appropriateness of this suggestion but it was finally accepted by the Military Committee and the Standing Group was instructed to produce a new wording for the meeting Tuesday afternoon.

3. This will now allow the French to be brought into these discussions without disclosing the previous concern of the UK. It will also give us an opportunity of ensuring that the revised wording will be politically acceptable to us.

4. I made it abundantly clear in my statement today that we considered this paper as the first of a series of planning papers and not an authority for the use of mass destruction weapons.

5. I have kept Mr. Wilgress informed. Ends. Message Ends.

377. DEA/50030-AG-1-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM 984 Ottawa, December 13, 1954

TOP SECRET. IMMEDIATE.

Reference: Our telegrams No. 977 and 978.
Repeat London No. 1920.

FUTURE NATO DEFENCE PLANNING IN LIGHT OF THE EFFECT OF NEW WEAPONS

While I am in general agreement with the views expressed by the President of the United States, we may have to do something to meet the United Kingdom position (as reported in our telegrams under reference). In my view the course least likely to cause debate at the Ministerial Meeting or to draw unwanted public attention to the question might be to adopt a resolution along the following lines:

"*The North Atlantic Council*

Notes the report of the Military Committee on the most effective pattern of NATO military strength for the next few years (M.C. 48);

Requests the NATO military authorities to continue their planning on the assumption that atomic and thermo-nuclear weapons may have to be used in defence from the outset in any future major war; and

Agrees to keep under review what further decisions for action may be necessary on this and subsequent reports on this subject."

2. Such a resolution would accomplish the following objectives:

(a) It would correctly state the assumption, which is that atomic and thermo-nuclear weapons *may* have to be used, rather than that they *will*;

(b) It would meet the political objections to the Council's approving the Military Committee report in full as it stands;

(c) It would allow NATO military authorities to get on with their planning; and

(d) It would enable member governments to give more adequate consideration to the whole problem before reaching any final decisions.

3. I have communicated these views to the Foreign Office.

4. I very much deplore the leak which already seems to have occurred in Paris and is responsible for an article in the *New York Times* by Thomas Brady dated December 10. This, of course, can only make our consideration of this matter more difficult.

5. Since dictating the above, I have seen copies of telegrams Nos. 116 and 117 from General Foulkes indicating that he hopes to secure agreement to amend M.C.

48 (final) so as to make it more acceptable from our standpoint. However I feel a formula for Council procedure as suggested above might still be desirable. Ends.

378. DEA/50030-AG-1-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM 992 Ottawa, December 15, 1954

TOP SECRET. IMMEDIATE.

FUTURE NATO DEFENCE PLANNING IN LIGHT OF THE EFFECT OF NEW WEAPONS

Following is the text of C.R.O. telegram No. 1434, which has just been received from Earnscliffe, containing the United Kingdom comments on the Minister's views as communicated to Earnscliffe Monday: Begins:

Your telegram No. 954.

We agree that the Resolution proposed by Mr. Pearson would have the effect of discouraging debate at the North Atlantic Treaty Organisation Council meeting, but unfortunately it does not seem to meet a very important point which has not been fully brought out in telegrams exchanged between the Foreign Office, Washington and United Kingdom Delegation to North Atlantic Council, Paris.

2. This point is that the system of alerts set out in paragraphs 10 and 11 (c) of NATO Paper SG 129/4 of May 5th, 1953, read in conjunction with paragraphs 37 and 40 (a) of the Military Committee's Paper (MC 48) makes it theoretically possible for NATO Commanders to begin a thermo-nuclear defensive war on their own authority. Unlikely as such action may be, we think that many NATO Ministers would find themselves in great political difficulty if they had to admit that circumstances existed under which atomic warfare could be launched without governmental sanction.

3. As far as we can see, the only way in which this situation can be avoided is by passing a Resolution which specifically reserves to governments the responsibility for the use of thermo-nuclear weapons except where NATO forces are attacked first with such weapons. Even so, some contradiction will remain between the alert system and the ultimate governmental authority. But the Military Committee have recommended that the alert system should be revised, and we hope that the North Atlantic Treaty Organisation Council will resolve that a revision should be made to bring it into line with their conclusions at the forthcoming meeting. Ends. Message Ends.

4. If you have an opportunity before he leaves please draw the attention of Mr. Pearson to the above.

379. L.B.P./Vol. 45

Note du secrétaire d'État aux Affaires extérieures

Memorandum by Secretary of State for External Affairs

SECRET Paris, December 16, 1954

FUTURE PATTERN OF MILITARY STRENGTH

1. Mr. Campney, Mr. Wilgress, Mr. Rogers and I attended a meeting this afternoon with Sir Anthony Eden, Mr. Harold MacMillan, Mr. Dulles, Mr. Anderson and their advisers to discuss the handling of M.C.48, especially para. 37.

2. Mr. Dulles started off by saying that the report represented the opinion of the military authorities on the best way to defend Europe. In his opinion the Council should accept the advice of the Military Committee on this matter. He went on to say, however, that the question of how plans should be brought into operation was a separate problem and should be kept separate. In the United States the President would never delegate to the military the power to make war, and the same principle would be insisted on, he felt sure, in other NATO countries. This principle should be maintained. It would take time to find a solution to the problem of how a decision to employ special weapons in the event of war should be arrived at. Perhaps a perfect solution would never be found. It would obviously be impracticable to have to wait for the decisions of fourteen governments. (Later in the discussion Mr. Dulles said that perhaps the three or four governments who would carry the main load in war — he obviously intended to include Canada among these — might try to find a formula; and he hoped that discussions would be held outside the Council.)

3. Sir Anthony Eden said that he could not disagree with anything Mr. Dulles had said. Unfortunately, however, paras. 37 and 40(a) of M.C.48 together with the NATO Alerts system made it theoretically possible for NATO commanders to begin a thermo-nuclear defensive war on their own authority. Eden and his advisers had the wind taken out of their sails when it was pointed out to them that S.G.129/4 had not been formally approved.

4. I took the line that, even with the Alerts difficulty removed, there was still a political difficulty in giving approval to para. 37 of M.C.48. Certainly, the impression would be created that governments had handed over to the military the power to commit us to atomic war, and that no other kind of war was conceivable. Policy, I said, is likely to become the victim of military plans, if great care is not taken.

5. Sir Anthony then distributed a draft resolution, as follows:

"The North Atlantic Council accepts the conclusions of the Report as a basis for military planning, and agrees that the measures in the enclosure to the Report are necessary to adapt our military forces to meet a major act of aggression, but emphasises that, except in the event of a prior atomic or thermo-nuclear attack by an aggressor, it must remain the responsibility of member Governments to take final decisions, particularly in regard to the use of atomic or thermo-nuclear weapons."

6. Mr. Dulles thought that the resolution went "further and faster" than we should go tomorrow. It left many questions unanswered: for instance, would the fourteen member governments have to concur in the "final decisions"? This, he said, would be unworkable.

7. I said that I thought that M.C.48 made military sense but might give rise to political misinterpretation and popular misunderstanding. In the public mind, plans for the use of thermo-nuclear weapons meant not tactical weapons so much as H-bombs to be dropped on big centres of population. I suggested that the Council approve the report for planning purposes, but that we should make clear that the political factors involved would be referred to the permanent Council for consideration. It was important, I said, not to stop the military planning but also not to give the impression that we were politically divided on this issue.

8. Mr. Dulles said that he thought that the Council should approve the conclusions of the Report as a basis for military planning *and preparations*.

9. Mr. Anderson, U.S. Assistant Secretary of Defence, said that he thought we should be very careful not to say anything that might undermine the deterrent effect of NATO.

10. After further discussion, the first part of the U.K. draft resolution was accepted, and there was added to it a clause stating in effect that approval of M.C.48 did not involve the delegation of governmental responsibility for putting plans into operation. It was felt that this would make it possible to meet criticism suggesting that the political leaders had handed over the power to make vitally important decisions to the military, and that at the same time it would not reduce the deterrent effect of the belief that the NATO countries were quite prepared to use atomic and thermo-nuclear weapons in defence.

11. The text as agreed upon by the representatives of the three countries was as follows:

"The Council approves the report MC 48 as a basis for planning and preparations by the NATO Military Authorities, noting that this approval does not involve the delegation of responsibility of governments for putting the plans into action in the event of hostilities."

12. Messrs. Eden and Dulles agreed to seek the approval of M. Mendes-France at a meeting they were to have with him later in the afternoon. If they were successful, they would then canvass the other delegations. I undertook to speak to the Norwegian Foreign Minister, Mr. Lange — who later agreed with the proposed resolution.

13. At one stage it was suggested that the draft resolution should be put forward by Canada — but in the end it was decided that it would be more appropriate if it were to come from a Standing Group country, or even better, be submitted by the Chair as a secretariat draft prepared after consultation with certain delegations.

L.B. PEARSON

380. L.B.P./Vol. 45

Note du secrétaire d'État aux Affaires extérieures

Memorandum by Secretary of State for External Affairs

SECRET [Ottawa], December 19, 1954

MEMORANDUM OF A CONVERSATION WITH SIR ANTHONY EDEN
PARIS, DECEMBER 19, 1954

Before I left for Canada this afternoon, Eden called on me to give an account of the talks he and Dulles had been having with Mendes-France on Indochina, and to discuss some other matters. Like Dulles, he was somewhat impatient with Mendes-France, not merely because of his alleged misrepresentation in the press of the Saturday Indochinese talks, but also because the French Prime Minister had been discussing with the Belgians and the Dutch and the Italians the possibility of having some informal talks on military matters through their respective Chiefs of Staff, to which the British would not be invited. Eden had apparently learned of this from the Dutch or the Belgians or both.

The main purpose of Eden's visit to me, however, was to express his anxiety over the steps which should now be taken to work out "alert" procedures by which action could be coordinated in an emergency, reserving all the rights of governments, but permitting the military to make quick decisions. Like Dulles, he was worried about the effects of any public discussion of this matter, but unlike Dulles, he thought that studies should begin at once to see if satisfactory arrangements could not be agreed on. For this reason, he was going to ask Norman Brook in London to apply his mind to a solution of this problem. They would then take the matter up with Washington and Ottawa in the hope that the three governments could agree on plans. Only then would they discuss it with the French, and later with the other NATO members.

He felt that the procedure we had adopted in regard to the formula for submission to the Council at this meeting, and which had solved the problem of reconciling the necessities of military atomic planning with the ultimate responsibilities of governments for decision, could usefully be applied to this other problem. He was emphatic, however, that the first examination of the problem should be by the three governments alone. He would be glad if Norman Robertson could keep in touch with Norman Brook in London regarding this matter. I told Eden that we had already worked out some technical arrangements with the United States in regard to "alerts" and emergency action in North America, and that this might be looked at in regard to a more general application. Eden said that they would be very grateful if our High Commissioner could tell them something about this in London.

L.B. PEARSON

6e PARTIE/PART 6

RÉUNION MINISTÉRIELLE DU CONSEIL DE L'ATLANTIQUE NORD, PARIS, 17-18 DÉCEMBRE 1954
MINISTERIAL MEETING OF THE NORTH ATLANTIC COUNCIL, PARIS, DECEMBER 17-18, 1954

381. DEA/50102-H-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council to Secretary of State for External Affairs

TELEGRAM 1155 Paris, December 18, 1954

SECRET

PRELIMINARY ASSESSMENT OF NATO MINISTERIAL MEETING[72]

The NATO Ministerial meeting of December, 1954, was in some ways disappointing. Perhaps this is not surprising, for underlying the meeting were two questions the answers to which would profoundly influence most of the subjects on the agenda but for which the answers could not be given at the time of the meeting. It is true the Council did settle the particular political problem, discussed below, of providing authority for the development of NATO forces in such a way as to permit them to be employed to best effect should a war break out in which new weapons were used, without at the same time formally committing NATO to a war of this type should war occur. But aside from this particular question there were in people's minds all the related problems — technical, administrative, and financial — of converting NATO forces from the conventional pattern to a pattern adapted to the possibility of such a war. While these problems will be on a scale to require many important ministerial decisions, particularly in connection with their financial implications, the data were not yet available on which such decisions would have to be based.

2. The second background question concerned the ratification of the Paris Agreements and the provision of a German defence contribution.[73] With the debate in the French Assembly to open the following week, there was little that could be said beyond the expression of universal hope for ratification. Yet almost all NATO planning, military and political, was dependent on Mendes-France's (and Adenauer's) success in this matter, and at the same time such success could be regarded only as a hypothesis.

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[72] Voir Canada, Ministère des Affaires extérieures, *Affaires extérieures*, volume 7, N°. 1, janvier 1955, pp. 10-14./See Canada, Department of External Affairs, *External Affairs*, Volume 7, No. 1, January 1955, pp. 10-14.

[73] Voir/See Documents 307-355.

3. Hence the basis of political planning at the time of the meeting was hypothetical, while military and financial planning could not be significantly advanced without a great deal of detailed information which was not yet available. In these circumstances it is perhaps not unnatural that the positive accomplishments of the meeting were few. Nevertheless it is our impression that the work of the ministers did bring out one important fact — the meeting of minds about what NATO's general line of policy should be was remarkable. Dulles spoke with every indication of sincerity of the need for patience, co-operation, unity and restraint, while the more timid and provincial countries bravely faced the prospect of a NATO which would be committed, if war came, to fight that war with all available means and with no thought of half-way measures.

4. Reverting to the particular political problem referred to in paragraph 1 above, it is interesting to note that the Council did not in fact discuss in detail the report of the Military Committee on the most effective pattern of NATO military strength over the next few years, but merely approved it as a basis for planning and preparations. The main issue raised by the report regarding the use of atomic weapons by NATO was settled before the Council meeting when the Big Three and ourselves agreed on the text of the resolution which was subsequently approved in Council.[74] The decision reached is contained in the press communiqué[75] and further working out of the "atomic formula" will take place in the Permanent Council through the usual consultation process.

5. The wording of the final communiqué perhaps retained the attention of the ministers to a greater extent than has been the case in the past. The French Prime Minister had given firm instructions to his representatives on the Working Group that there should be no precise reference in the communiqué to the Council's hope that the Paris Agreements would be ratified as soon as possible. The French were anxious that NATO's action in this respect should not emulate the pressure that the Soviet Government was exercising on France not to ratify the Agreements under the penalty of a denunciation of the Franco-Soviet Treaty. The communiqué therefore only refers to progress made towards the ratification of the Paris Agreements which the Council considers as an essential contribution to unification of Europe and the security of the free world.

6. Most members of the Alliance would have liked to make some reference in the communiqué to the fact that the west remained prepared to settle disputes through negotiations. In the Working Group the United States and the United Kingdom strongly opposed the inclusion of any such reference although France would have accepted a rather vague formula which would have mentioned not only negotiations on the settlement of pending disputes but would have singled out the question of limitation and control of armaments. In the Council, the Italian Foreign Minister argued strongly in favour of a paragraph on negotiations and control of armaments on the ground that it would facilitate the ratification of the Paris Agreements by the

[74] Voir/See Document 379.

[75] Voir, OTAN, Congrès, *Textes des communiqués finals, 1949-1974*, Bruxelles: Service de l'information OTAN, n.d., pp. 90-92./See North Atlantic Council, *Texts of Final Communiqués, 1949-1974*, Brussels: NATO Information Service, n.d., pp. 86-88.

Italian Parliament. The French did not support him and both Mr. Dulles and Eden agreed that any reference to negotiations should be left out. Finally as a compromise Mr. Eden suggested that the communiqué mention the fact that the Council associate itself with the current disarmament proposals now under study in the United Nations.

7. As for the remainder of the agenda, the Secretary General's report and the military progress report gave rise to no significant new discussion. Statements on the Annual Review report fell into two categories, the first comprising pious generalities about the report as a whole or about the Annual Review process, and the second devoted to particular national comments on Country Chapters and to national planning for the future. No minister really tried, in a statement to the Council, to come to grips with the problem of the general trend towards a reduction of defence effort, a problem briefly but forcefully set out in the Secretary General's cover note.

8. In conclusion, the Council agreed that, in principle, its next ministerial session would take place in Athens next April. As this arrangement might, however, give rise to technical difficulties, confirmation and detailed planning would be left to the Permanent Council.

382. DEA/50030-AG-1-40

Note du chef de la 1re Direction de liaison avec la Défense pour la 1re Direction de liaison avec la Défense

Memorandum from Head, Defence Liaison (1) Division, to Defence Liaison (1) Division

SECRET [Ottawa], December 28, 1954

Reference: Telegram No. 1155 of December 18 from NATO, Paris.

PRELIMINARY ASSESSMENT OF NATO MINISTERIAL MEETING

I think that we should place on file a comment regarding the last sentence of paragraph 4 of this telegram. There it is stated that the further working out of the atomic formula will take place in the Permanent Council through the usual consultation processes.

2. At the meeting which Mr. Pearson had with Messrs. Eden, Dulles, and others on December 16, Mr. Dulles expressed the view that it might be desirable for the countries principally concerned — he was obviously speaking of the United States, the United Kingdom, France and Canada — to try to come to an understanding regarding the means whereby the military might be permitted to engage in hostilities, using atomic weapons. He said that in a period of crisis, it would obviously be impossible to await the decisions of fourteen or fifteen governments. I certainly got the impression that the United States might oppose any attempt in the Permanent Council to work out what the Delegation calls atomic formula.

BENJAMIN ROGERS

CHAPITRE IV/CHAPTER IV
RELATIONS AVEC LE COMMONWEALTH
COMMONWEALTH RELATIONS

PREMIÈRE PARTIE/PART 1
ADMISSION DE NOUVEAUX MEMBRES
ADMISSION OF NEW MEMBERS

383. DEA/50386-40

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

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

DESPATCH 1814 London, August 13, 1953

CONFIDENTIAL

ADMISSION TO THE COMMONWEALTH

The procedure for admission to the Commonwealth was reviewed in some detail two years ago during the preparation of the Departmental paper on "Canadian Policy with respect to the Commonwealth".† I do not propose to go over all that ground again, but perhaps you will find it useful to have some indication of how the United Kingdom authorities are approaching the problem. I should say at the outset that much of what follows will necessarily be speculative and unofficial, since United Kingdom policy on many of the matters discussed is still very much in the formative stage.

2. Perhaps the best point of departure for a survey of the United Kingdom Government's approach to this extremely complex problem is the formula stated by Mr. Gordon Walker in June 1951:

"We must make quite clear the distinction between the grant of responsible self-government[1] within the Commonwealth, which is a matter for the United Kingdom Government and the territory concerned, and for them alone, and the question of becoming a full member of the Commonwealth, which is of course a matter for all members of the Commonwealth . . . Were any question of admission to full and independent membership of the Commonwealth to arise, all existing members would, following past practice, be consulted".

[1] Marjorie McKenzie a ajouté les seize notes marginales qui suivent :/Marjorie McKenzie added the following sixteen marginal notes:
There has never been any distinction between these; since the Commonwealth came into being, Commonwealth membership has been an immediate consequence of the attainment of full self-government.

This policy,[2] which has been explicitly endorsed by the present Government, has at least three advantages from the United Kingdom point of view:

(a) It underlines the contention that the United Kingdom, as an administering power, has the sole responsibility for determining the pace of political advancement of its dependent territories and for actually granting them self-governing status.

(b) It seeks to forestall any fears there might be among other Commonwealth Governments that they will not be afforded an equal say in approving additions to the present membership.

(c) In view of the expected South African opposition to the admission of African Negro states, it ensures that Colonial Governments and peoples should be aware that admission to the Commonwealth is not an automatic outcome[3] of the attainment of full self-government or a prize which the United Kingdom Government alone is in a position to grant.

3. It is interesting to compare the United Kingdom position with the conclusion reached in paragraph 9 of Annex I of the Departmental policy paper enclosed with Circular Document A 61/51 of August 23, 1951. This conclusion reads: "The United Kingdom is best able to pronounce on whether or not any particular territory over which it exercises control is ready for full self-government. Commonwealth membership should not be automatic, but the general consent of existing members should be obtained prior to any United Kingdom commitment to grant full self-government to the dependency concerned".

4. As far as I know, we have never told the United Kingdom authorities of the conclusion quoted above, although it differs somewhat from the policy enunciated by Mr. Gordon Walker.[4] Our conclusion seems to mean that the general consent of Commonwealth Governments should be a condition precedent to the granting of self-government to a territory under the control of the United Kingdom,[5] whereas under the United Kingdom formula the granting of such status is a matter for the United Kingdom Government alone to decide, the other members being concerned only with the next phase — the transition from self-government to full membership.[6] This distinction may not mean very much in practice; there will probably be some sort of informal consultation with other Commonwealth Governments before the grant of self-government takes place or the final question of admission to full membership arises. Nevertheless, I am inclined to think that the United Kingdom formula is more logical and that we should lose nothing by accepting it.[7] To do so would not deprive us of the right to judge whether the degree of self-government granted amounted to the sovereign independence required for Commonwealth

[2] See desp[atch] of June 18, 1952.†
[3] It always has been in the past.
[4] No — these policy papers are not for communication to other governments.
[5] No — the detailed part of A61/51 makes this clear.
[6] There has never been any such phase.
[7] It involves a change in the accepted basis of Commonwealth membership.

membership, but would preserve what must surely be the right of the United Kingdom to grant full self-government to a territory under its control.[8]

5. If we recognize that the United Kingdom has the single right to determine the form and timing of self-government, it follows that our own *formal* responsibility in the matter of admission to the Commonwealth will not, strictly speaking, begin unless and until the territory in question expresses the wish to become a full member.[9] At that time, the attitude we adopt will presumably depend on our answers to two broad questions: whether we consider that a full degree of self-government has in fact been granted and whether, on other than purely constitutional grounds, we are agreeable to the territory's admission. In other words, we will want to feel confident that the territory has attained real political independence and that it is willing and able to discharge the international obligations of a sovereign state, including membership of the United Nations. Among the factors which will be relevant are: the territory's size, in area and population; its strength in terms of economics and defence; and the quality of the civil rights enjoyed by its population.

6. In an ideal world, the principles sketched above would presumably be an adequate basis on which to judge the suitability of prospective members. There are, however, two additional factors which are likely to confuse the issue:

(a) South Africa may be expected to apply its own standard of judgment, a standard in which differences of race and colour and degrees of civilization are influential.

(b) Nationalist pressures in the dependent territories may be so urgent as to force existing members to agree to premature admissions or run the risks involved in rejecting an applicant.

7. These two factors are at the root of the problem confronting Commonwealth Governments. Their existence brings into relief the dilemma of how the multiracial composition of the Commonwealth can be further extended without irreparable damage being done to the existing structure and fabric. In what we have been able to learn of their approach to this problem, the United Kingdom authorities appear to have definite misgivings about the wisdom of adding indiscriminately and hastily to the present nucleus of eight full members. Officials to whom we have talked, particularly in the C.R.O., are apprehensive lest the entry of new members should cause the withdrawal of an existing member[10] or diminish the usefulness and feasibility of the present pattern of intra-Commonwealth consultation. On more than one occasion recently, C.R.O. officials have betrayed their concern that the expansion of the Commonwealth may go far to nullify the peculiar value of the periodic meetings of Prime Ministers.

8. In these circumstances, and because it is obviously out of the question to ignore the desires of advanced colonies to exercise their independence within the frame-

[8] Full self-government is sovereign independence.
[9] It *is* in the Commonwealth even before it gets self-gov[ernmen]t. It has never hitherto been necessary for a country to express a wish to become a member.
[10] Some might be no great loss.

work of the Commonwealth, officials here are wondering whether there is any practicable alternative to the traditional practice whereby territories attaining sovereign independence are almost automatically admitted to the status of full members. You may be interested to hear of one idea along these lines which was suggested to us informally last week by Pritchard, Assistant Under-Secretary in charge of the C.R.O. Foreign Affairs Division.

9. Pritchard's idea depends upon acceptance of the theory[11] that dependent territories of the United Kingdom can already be said to be "within the Commonwealth". On the assumption that their status can be so described, he goes on to say that it might therefore be possible for a territory such as the Gold Coast to pass from dependent to independent status within the Commonwealth without any question of "full membership" arising[12] and thus without the necessity for existing members to give their consent. In other words, Pritchard seems to be introducing the concept of a new category of Commonwealth countries which, while constitutionally independent and sovereign, would not enjoy to the full the privileges of full members, i.e. the right of being brought on a basis of full equality into the pattern of intra-Commonwealth Prime Ministers. (It is interesting to note, incidentally, that Pritchard's idea coincides with a prediction expressed in paragraph 19 of the Notes enclosed with your despatch No. K-3259 of September 28, 1951;† that the adoption of Mr. Gordon Walker's formula (paragraph 2 above) might lead to the creation of a new class of countries, just as independent as Canada, but precluded from enjoying the rights of full members). Pritchard does not rule out the possibility that in due course it might prove feasible, by general consent among existing full members, for countries enjoying "independence within the Commonwealth" to progress to the status of full members. This would, however, take time, he thinks, and would depend on the development of South African policy. For the moment, he considers it a matter of priority to improvise some procedure which will prevent the Gold Coast and similar territories from drifting out of the Commonwealth orbit, and at the same time to maintain the cohesion of the existing "full membership" structure.

10. There are obvious difficulties in this scheme, as Pritchard is the first to admit. The real nature of the Commonwealth is already difficult enough to explain without complicating it with yet another constitutional refinement. Another difficulty is that the dependent territories concerned might not be satisfied with anything less than full membership in the sense in which it is enjoyed by Canada or South Africa; in this they might well be supported by India. But I think you will agree that the idea is interesting and though it has no official standing at the moment, at least deserves consideration. Incidentally, it is noteworthy that among the proposals which Dr. Nkrumah's Government is considering (cf. C.R.O. telegram W. No. 58)† is a request that the United Kingdom Government should make a declaration of its readiness to grant the Gold Coast "independent status within the Commonwealth". This wording is interesting in the light of Pritchard's remarks to us, though whether it is intentional (and not merely another way of saying "self-governing status"), I am not yet in a position to say.

[11] It isn't a theory, it's a recognized fact.
[12] Not a chance.

11. A quite different view on how the problem of admission to the Commonwealth might be tackled was put forward by Mr. Gordon Walker in a recent conversation with a member of this Office. Mr. Gordon Walker gave no indication that he was thinking in the terms suggested by Pritchard. His thoughts, however, were clearly directed at discovering some device which would serve to circumvent an early crisis brought about by South African intransigence on the membership question. In the first place, he did not appear to agree with the commonly held view that the Gold Coast would assert a claim to full membership within perhaps the next two years. He envisaged a waiting-period of some three to five years. However the time element worked out, he thought that perhaps the best way of avoiding the probable South African objections to the Gold Coast might be to offer the South Africans some acceptable quid pro quo. Rather than have the Gold Coast's application brought forward by itself, he wondered if it might be coupled in some way with consideration of the position of the Central African Federation. South Africa might give way on the Gold Coast in return for an assurance *in principle* that the Federation would in due course be admitted. India, which might be expected to have misgivings about the qualifications of the Federation, might, Mr. Gordon Walker thought, refrain from pressing them if the Gold Coast had first been admitted. In reply to a question, Mr. Gordon Walker agreed that an arrangement of this kind would not be practicable except on condition that the present protectorate status of Northern Rhodesia and Nyasaland were terminated and that the civil rights of the African population throughout the Federation were brought more closely into line with those in the Gold Coast. This, he admitted, would take several years, but nevertheless he thought that some idea along the lines of a "horse-trade" might be worth investigation.

12. After the Gold Coast, Nigeria and the Central African Federation are considered here to be the most likely potential candidates for admission to the Commonwealth. There is much talk in Nigeria of "self-government in 1956" and I suppose it is conceivable that this target date will be attained. In the opinion of Colonial Office officials, however, the facts of the political situation in Nigeria indicate that it can hardly be ready for full self-government in the accepted sense until at least five years from now. The main reason for this view is that the Northern Region, the largest of the three in Nigeria, does not share the enthusiasm of the majority parties in the Eastern and Western Regions for an early cutting of the existing constitutional link with London. A great deal will depend on the outcome of the constitutional conference now being held in London, since this will throw light on the prospects for future cooperation between the three Regions. Unless such cooperation is achieved, there can be no certainty that a united Nigeria in its present form will continue to exist. For the moment, therefore, speculation on Nigeria as a possible full member of the Commonwealth is unprofitable.

13. It is difficult to know what to say of the Central African Federation. Mr. Gordon Walker's remarks suggest the possibility of its becoming an eventual bargaining counter as against the Gold Coast. On the other hand, Colonial Office officials do not expect that the Federation will warrant consideration as a full member before, at the earliest, 1960. They point out that the Federal Scheme provides for a constitutional review in between 7 and 9 years' time. Despite the words of the Pre-

amble to the Scheme, that "when the inhabitants of the territories so desire", the Federation should be enabled "to go forward with confidence to the attainment of full membership of the Commonwealth", it is not believed here that there is any likelihood of this objective being attained until after the constitutional review has taken place. It is, however, recognized that because of the history of the Southern Rhodesian connection with the Commonwealth, some consequential problems will arise when the Federation comes into being. It is felt that Sir Godfrey Huggins has, over the last twenty years, established a special place for himself in Commonwealth affairs and that, as the Prime Minister of the Central African Federation, he will naturally expect to be accorded the same personal status in future as he has had as Prime Minister of Southern Rhodesia. The United Kingdom will certainly wish to invite Sir Godfrey to attend future Prime Ministers' meetings in the same capacity[13] in which he has attended all Prime Ministers' meetings since the War,[14] but they do not appear disposed to allow his personal position to provide the Federation with a shortcut to self-government or Commonwealth membership.

14. The above is no more than a preliminary survey of some of the questions which may demand our attention as new territories attain self-governing status. No attempt has been made to examine the qualifications of particular candidates, since the evidence available is too scanty and problematical to warrant detailed consideration at this stage. Perhaps the lesson to be drawn from the foregoing paragraphs is that as the probable date of self-government approaches in particular dependent territories, the degree of intra-Commonwealth consultation must inevitably increase. Such questions as the Gold Coast's desire to have its affairs conducted through the C.R.O. rather than through the Colonial Office[15] and its expected request that the United Kingdom should make a declaration expressing readiness to grant it "independent status within the Commonwealth", are matters of direct interest to all Commonwealth Governments, even though strictly speaking decisions on them may fall within the jurisdiction of the United Kingdom Government. It is interesting to learn, therefore, from Mr. J.J.S. Garner, Deputy Permanent Under-Secretary at the C.R.O., that talks have begun between the United Kingdom Ministries concerned, with a view to supplying a greater flow of information on these questions to Commonwealth Governments. C.R.O. Savingsgram W. No. 58 of June 19† on the Gold Coast is an example of the kind of information which we are likely to be receiving with greater frequency in the future. Although, like other C.R.O. messages, it is sent primarily for the information of Commonwealth Governments, the United Kingdom authorities would, I know, particularly welcome Canadian comments on it and similar messages. On several occasions recently, officials of the Colonial Office and the C.R.O. have emphasized the value they attach to Canadian views on problems of colonial policy, both in the United Nations context and outside it. We have the opportunity, therefore, if we are disposed to use it, to exert influence on the thinking of the United Kingdom authorities with regard to the future structure and composition of the Commonwealth.

[13] It certainly shouldn't be less than the observer status he has had hitherto.
[14] Not 1946 or 1949
[15] I suppose it has about as much right to that privilege as Southern Rhodesia.

15. One further point which may be worthy of consideration in any studies you are undertaking concerns the relationship between our policy on admission to the Commonwealth and the attitude we adopt in the General Assembly towards the political advancement of dependent territories. In the past, this relationship has seemed distant and academic. But as the Fourth Committee interests itself increasingly in the political affairs of non-self-governing territories, its recommendations, even though vague (and as the administering powers believe, illegal), may have the effect of accelerating the pace of particular territories towards fully self-governing status. This process is of direct concern to Commonwealth countries in so far as the Assembly's resolutions may apply to non-self-governing territories (e.g. the Gold Coast) under United Kingdom administration. The faster these territories advance towards self-government, the sooner they will aspire to Commonwealth membership. It seems to me important, therefore, that in deciding our attitude towards resolutions dealing with non-self-governing territories, we should guard against any statement or action which might be inconsistent with or prejudicial to our policy on the composition of the Commonwealth.[16]

N.A. ROBERTSON

384.

DEA/50386-40

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

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

DESPATCH K-756

Ottawa, May 26, 1954

SECRET

Reference: Your despatch 1814 of August 13, 1953.

ADMISSION TO COMMONWEALTH MEMBERSHIP

As you have pointed out, this problem seems likely to come to a head within the next three or four years at most. I agree that it would be useful to keep closely in touch with the United Kingdom authorities who are trying to devise solutions.

2. I would hesitate, however, to agree that we should commit ourselves to the Gordon Walker formula, at least at this stage. I say this not so much because we would question the principle set forth in the formula, but rather because we are doubtful about its implications. The formula draws a distinction between the grant of full self-government within the Commonwealth, which it declares to be a matter solely for the United Kingdom government and the territory concerned, and the acceptance of a country as a member of the Commonwealth, which it declares to be a matter on which all members of the Commonwealth would be consulted. There

[16] Yes. I think the U.N. tends to apply the term "self-governing" to Territories which do not in fact possess more than domestic self-government.

can be no doubt that such a distinction, between the responsibility of the United Kingdom on the one hand and the interests of all Commonwealth members on the other, should be drawn. But the weakness of the formula is that it ignores the way in which self-government and Commonwealth membership have been correlated.

3. Since the Commonwealth arose, there has never yet been a self-governing country within it which was not regarded as a member of the Commonwealth from the moment when it became self-governing. (See Appendix I.)† Hitherto, therefore, the Commonwealth has contained only two classes of political unit: independent states (that is members of the Commonwealth) and dependencies of one or another of the members. There is a weight of precedent here which places formidable difficulties in the way of any plan to create a third category into which dependencies might fit on attaining full self-government if it were not immediately apparent that all existing members would welcome them as new members.

4. It is, I think, clear that the Gordon Walker formula would imply the possibility of creating such a third category — a class of independent states within the Commonwealth which would not be members of the Commonwealth and which would therefore be deprived of the privileges of consultation and of representation on a basis of equality at Prime Minister's meetings and other major conferences (I notice that Mr. Pritchard, without specifically referring to the Gordon Walker formula, has outlined an idea of this kind). Such states would be in a sort of limbo, quarantine, or cold storage. It seems hardly conceivable that an arrangement of this kind would meet the views of territories like the Gold Coast which are now aspiring to independence within the Commonwealth. As it would work out in practice, it would seem like an attempt to introduce a colour bar into Commonwealth relations, and would I should think, offend some of the present members as much as it would offend the possible candidates for membership. While we would not wish to exclude the possibility of such an arrangement, I cannot think it probable that it would be generally accepted.

5. The subject of your despatch under reference was "Admission to the Commonwealth". I suppose that you had in mind the acceptance of an additional country as a co-equal partner in the Commonwealth along with the eight countries which now comprise its membership. It might, therefore, be preferable if we were to speak of admission to Commonwealth membership rather than of admission to the Commonwealth. It is true that there is some basis in usage for employment of the term "the Commonwealth" (or "the Commonwealth of Nations" or "the British Commonwealth of Nations") as simply describing the association of the eight independent, self-governing members. Some Commonwealth spokesmen, notably Sir Winston Churchill, even speak of "the British Commonwealth and Empire" when they wish to make it clear that they are talking about Commonwealth countries and their dependencies taken together. In our view, there is no justification for the latter terminology, and we are hardly more fond of the use of the term "the Commonwealth" (or its equivalents) to mean only the eight independent self-governing members.

6. There appear to be certain valid reasons for asserting that the Commonwealth in fact embraces not only the self-governing members but also the territories over

which these self-governing countries exercise control. At least in some contexts we certainly mean to include, when we speak of the Commonwealth, not only the freely associated self-governing members but also the whole geographical extent of the territories under the control of Commonwealth Governments.

7. There are certain practical considerations in such fields as trade which seem to require a comprehensive concept of the Commonwealth. So far as Canada is concerned, it is worth recalling that some years ago we advised the law officers of the Province of Manitoba, in response to an enquiry, to substitute "The British Commonwealth of Nations" or "The Commonwealth of Nations" for "the British Empire" in certain legislation.

8. While this is a somewhat obscure and complex field, I think that what you have described as the "theory that dependent territories of the United Kingdom can already be said to be within the Commonwealth", is something more than a theory. There appears to be every reason for regarding them as already within the Commonwealth, although not fully self-governing members of it. In fact, I see that a recent Commonwealth Relations Office List in an article on the Commonwealth provisionally adopts this view. In this connection I would like to refer to Appendix II.† It contains, in addition to the C.R.O. article, quotations tending to support a comprehensive concept of the Commonwealth. It is by no means exhaustive and does not include contrary views, but it is of interest as demonstrating a consistent trend in a series of relatively authoritative pronouncements. At the same time the difficulties of reaching a satisfactory conclusion on this terminological question are such that we have thought it also worthwhile to include Appendix III,† which contains interesting *obiter dicta* by L.C. Christie. The position has become clearer since 1936, but Mr. Christie's memorandum still has historical and humorous interest.

9. You referred in Paragraphs 3 and 4 of your despatch to a statement (in the Appendix to departmental policy paper on Commonwealth relations prepared in 1951)† which seemed to mean that the general consent of Commonwealth Governments should be a condition precedent to the granting of full self-government to dependencies. The statement, taken in isolation, was certainly ambiguous, though when read as part of the whole section on admission to Commonwealth membership its intention becomes clear. The thought behind it (made explicit in the second last sentence of paragraph 4 of the Appendix) was that there should be general consent among existing members to the acceptance of a formerly dependent territory as a member of the Commonwealth.

10. It was implicit in our thinking at that time that in practice the granting of full self-government would almost certainly lead immediately to full membership unless the territory in question were to leave the Commonwealth altogether (unless some new arrangement, such as that envisaged under the Gordon Walker formula, were worked out, this would still be the case.) It was therefore thought desirable that there should be the fullest possible consultation well in advance in order that the views of existing members on the qualifications of the territory for Commonwealth membership should be clearly understood by the member administering the

territory before it made a commitment to grant self-government. This is still our view.

11. You will recall that in 1947 we developed a somewhat more positive and clearcut principle as a possible basis for determining Commonwealth membership. At that time, when we were considering the impending grant of Dominion status to India, it was recommended to the Cabinet that, in replying to a communication from Mr. Attlee on this subject, the Canadian Government should express views not only on the question of India's relations with the Commonwealth but also on the general question of increasing the number of members of the Commonwealth. (See Appendix IV).† It was suggested that we might assert that no state which is not in fact and in law self-governing is eligible for admission to the Commonwealth, and that no members could properly be admitted to it except by the general consent (formal or informal, tacit or express) of the existing members. Although we still see much merit in these views, and the requirement of self-government has always prevailed in practice, the Canadian Government did not in fact at that time endorse them or approve of their expression to the United Kingdom Government; and we should, I think, refrain for the present from putting them forward.

12. We do feel, however, that there is room, and need, for consultation between us and the United Kingdom in the period immediately ahead. At least for the time being, any such consultation should perhaps be informal and bilateral and should, in effect, be an exchange of views. It could be related to the general problem of procedure with respect to new membership (the main point discussed in this despatch), to the question of qualifications for membership, and to such proposals as those relating to the Gold Coast mentioned in paragraph 14 of your despatch under reference.

13. We very much appreciate the information which the United Kingdom authorities give us from time to time on developments in their dependent territories and on proposals with respect to these territories which they have under consideration. We welcome the fullest possible flow of such information. In relation to the subject of this despatch, we are especially interested in information about developments in, or proposals relating to the Gold Coast, Nigeria, and the Federation of Rhodesia and Nyasaland. We do not feel, however, that we are closely enough in touch with conditions in dependencies of the United Kingdom to offer views on particular proposals such as those contained in C.R.O. Savingsgram W. No. 58 of June 19, 1953;† nor is there that specialization in our service which would afford the continuity of approach and the expert knowledge which would be necessary if we were to embark on studies of this kind. Perhaps the time has come when we should endeavour to find means of informing ourselves more fully and continuously of developments in colonial territories, more especially those which are relatively close to self-government. We have given some thought to this question but have not yet devised proposals.

14. In any case, the expression of views to the United Kingdom Government by the Canadian Government on particular proposals with respect to United Kingdom territories would be a new departure which we would not like to undertake without a good deal of thought. We realize that at least one other Commonwealth Govern-

ment, the Indian Government, has already done this; presumably this was an initiative taken by the Indian Government for reasons of its own. We are inclined to be more reticent. Doubtless neither the United Kingdom Government not the Indian Government considers that an expression of views by the latter means that it has been consulted. If, however, the practice became more general, a situation could develop in which the United Kingdom Government would, in effect, be consulting with other Commonwealth Governments with regard to steps to be taken in territories under its control. This might imply the assumption of a responsibility outside our proper field. Perhaps you could explain a little more fully the basis on which you feel the United Kingdom authorities would welcome Canadian comments on messages such as C.R.O. Savingsgram. No. 58. We certainly do not wish to be "more Catholic than the Pope", and we may have missed the point of your suggestion.

15. It may seem anomalous that any country which feels disposed to give the United Kingdom very pointed advice in the Fourth Committee or in the Trusteeship Council, should feel perfectly free to do so, while we refrain from rendering advice within the privacy of Commonwealth channels of consultation. The basis for United Nations activity in this field is clearly established, however, whereas there has never been a comparable Commonwealth approach to the problems of colonial development. As a matter of fact, our own interventions in the Fourth Committee have been more general than particular.

16. This is not to say that we do not attach value to the sort of consultation which has developed among Commonwealth Countries on colonial issues in the United Nations context — for example, exchanges of telegrams before Assembly sessions, and the meetings which have been held in London between United Kingdom officials and our own and those of some other Commonwealth countries, to discuss items coming up on the agenda of the Fourth Committee. The only point about which we should exercise care is that we should not create an impression among the newer members of the Commonwealth that the older members are "clubbing together" on colonial issues. One of the real dangers threatening the Commonwealth as a bridge between Asia and the West is the possibility of a split along lines of colour. Meetings such as those mentioned above should therefore be distinctly informal and *ad hoc*, especially since (unlike, say Commonwealth meetings on defence) they are not meetings of which the new Commonwealth members are made aware even though they might not wish to attend. As a general principle, consultation among a restricted number of Commonwealth countries should be held to a minimum and should never be on a formalized basis. As you know, we have also welcomed the opportunities we have had here in Ottawa to listen to the views on colonial questions about to be discussed in the Assembly of such United Kingdom authorities as Sir John Martin and Sir Gladwyn Jebb.

17. We realize, as you pointed out in your despatch, that it is important that our approach to colonial questions in the United Nations should be consistent with our general attitude on the question of the composition of the Commonwealth. I think the approach we have adopted in the Fourth Committee has not been inconsistent with or prejudicial to our policies on the composition of the Commonwealth. It is true that the attention focussed on non-self-governing territories and trust territories

in the Fourth Committee and the impatient tone of many of the resolutions adopted there are undoubtedly heightening the desire of dependent peoples for full self-government and hastening the day when it will be granted. Canada's voice, however, has been one of moderation. We have played an extremely limited role in Fourth Committee debates and in the few speeches made, we have emphasized two points: (a) that the administering power, in the case of non-self-governing territories, is best qualified to say when a non-self-governing territory has reached the stage when information under Article 73 (e) of the Charter need no longer be transmitted. Dispute on this point has been particularly heated in debate over the list of factors which should be taken into account in determining whether a territory has achieved a full measure of self-government. Canada has recognized that a reasonable list of factors, couched in moderate terms, might be of some assistance as a guide to the administering states. However, at recent sessions of the Assembly, we have voted against various resolutions on this issue which called for establishment of a rigid list of factors and for acceptance of the contention that the Assembly, instead of the administering powers, has the right to determine when a territory has achieved self-government; and (b) that the United Nations must endeavour to balance the legitimate hopes and interests of dependent peoples against both the necessity of recognizing the rights of the administering states and of fostering the orderly and gradual processes of evolution.

18. We have been consistently opposed to efforts to establish target dates or timetables for the achievement of self-government. In our minds, of course, has been the conviction that only dislocation and disaster can come to dependent territories if they and their friends insist upon accelerating progress towards self-government to a degree which would give them full charge of their own affairs when they have neither the administrative organization nor the experience to handle the complex problems with which they would be faced. At the same time, we recognize that the United Nations has a duty to interest itself in the progressive development of self-government, and we believe that *all* administering powers should address themselves conscientiously to the task of advancing dependent peoples toward a condition in which self-government will be increasingly possible. We have always regarded the United Kingdom as more conscientious and progressive in this respect than some other administering powers.

19. We consider that these views are in harmony with the best interest of Commonwealth development even though we may not hold exactly the same view as the United Kingdom regarding the usefulness of United Nations discussion of colonial issues. One way of ensuring that there is consistency between our views on such questions as Commonwealth membership and the composition of the Commonwealth and views expressed by Canadian delegations in the Fourth Committee would be by providing for the fullest possible exchange, in the United Nations context, of information and views on developing conditions in non-self-governing territories and on the respective lines to be taken by Commonwealth Delegations on these subjects in the wider United Nations forum. We therefore feel that the exchanges of views of this kind which have been held in the past should continue in future. We will also endeavour to make sure that views we express in such dis-

cussions, or in the Fourth Committee, move in step with Canadian views expressed to the United Kingdom authorities on the question of Commonwealth membership.

20. The views of the Colonial Office on the status of the Federation of Rhodesia and Nyasaland, reported in your paragraph 13, appear to indicate that it is believed that Sir Godfrey Huggins' presence at Prime Ministers' meetings has been on a personal rather than a representative basis. I think that he must, on the contrary, be considered to have been the representative of Southern Rhodesia. Attached is a memorandum on representation of Southern Rhodesia at Prime Ministers' conferences since 1932 (Appendix IV).† It will be noted that Sir Godfrey Huggins was not in fact present at all Prime Ministers' meetings since the war. I feel that the representation of Southern Rhodesia at such conferences should be considered to have been on the same basis as the representation of India before it attained self-government in 1947. Attendance at a Prime Ministers' meeting on this basis does not, of course, imply either self-government or Commonwealth membership.

21. Further memoranda are attached, giving in some detail a summary of the steps taken before admission to Commonwealth membership of (a) the Irish Free State (Appendix V);† (b) India and Pakistan (Appendix VI);† (c) Ceylon (Appendix VII).† I am sending you under separate cover, a memorandum, which I think you said you would like to have, about the stand taken by Canada in 1944 on the question of "expulsion from the Commonwealth".

22. I should now like to revert to the more general problem of procedure for dealing with new members.

23. At the moment I have no very firm views on the interesting suggestion of a "horse-trade" between South Africa and India over the Gold Coast and the Federation of Rhodesia and Nyasaland. If it would work, it might be a useful expedient; but it would perhaps provide only a temporary breathing-spell, and we are inclined to think that the interested countries would inevitably judge each of the two cases on its merits.

24. There is one general point with respect to timing which may be worth raising. Under the Gordon Walker formula, when would the consultation it envisages take place? In the past, owing to pressure of events, the interval between consultation and some sort of commitment has been so short as to make consultation almost a pure formality. A somewhat longer interval would appear preferable. I assume, incidentally, that the Commonwealth Relations Office are not thinking of consultation after self-government has been granted; this would, of course, at once introduce the transitional period between self-government and Commonwealth membership, of which no case has yet occurred.

25. I fully realize that, with a number of potential new members appearing on the Commonwealth horizon, the old approach may present formidable difficulties in securing general acceptance of a new member. I also appreciate and, indeed, share United Kingdom misgivings over such problems as the attitude of South Africa and the danger of diminishing the value of Commonwealth meetings and other forms of consultation. While there would also be formidable difficulties in the way of the Gordon Walker formula, the difficulty of establishing any other sort of formula is only too evident. In these circumstances, there may be much to be said for avoiding

the adoption of a fixed position before a specific case is looming up for actual consideration. We might then hope to find some *ad hoc* compromise which would give less offence than any defined attitude, based on general principles, which might be adopted now. Even if we could do no better than maintain the *status quo* for only a few years, until the Gold Coast is ripe for independence, this might be very much worthwhile if it would ensure that the Commonwealth is held firmly together during a period when its role as a bridge between Asia and the West is of great importance and, at the same time, somewhat precarious. We cannot tell what changes may come about in the meantime in South Africa or in Pakistan or even in India. When the time for a decision on the Gold Coast, or on some other candidate for membership is approaching, the United Kingdom could consult the other members confidentially — perhaps individually rather than collectively if that seems expedient — and, in the light of the circumstances then existing, we might decide what is feasible.

26. In conclusion I should like to repeat that we do not rule out the adoption of the Gordon Walker formula or some other appropriate principle, at a suitable time. I do feel, however, that it would be best to move cautiously in this respect, in the meantime using every opportunity for the fullest possible exchange of views. We certainly want to do everything we possibly can, now and in the period ahead, to assist the United Kingdom authorities to devise a solution which will find general acceptance in the Commonwealth.[17] This despatch, in itself, is simply intended to serve as a basis for the fuller discussion which, I understand, you plan to have with the United Kingdom authorities. We are putting forward no fixed or dogmatic views on the best method of approaching this complex problem. I would be grateful if you would discuss the matter again with the United Kingdom authorities at your convenience and let me have your further views in due course.

R.A. MACKAY
Acting Under-Secretary of State
for External Affairs

[17] Voir/See Volume 13, Document 801.

2e PARTIE/PART 2

RÉUNIONS DES MINISTRES DES FINANCES
MEETINGS OF FINANCE MINISTERS

385. DEA/50092-C-40

Extrait du procès-verbal de la réunion du Comité interministériel sur la politique du commerce extérieur, le 10 février 1954

Extract from Minutes of Meeting of Interdepartmental Committee on External Trade Policy, February 10, 1954

ICETP DOCUMENT NO. 124 [Ottawa], February 18, 1954

Present:

Mr. R.B. Bryce, Secretary to the Cabinet, (Chairman)
Mr. F.W. Bull, Deputy Minister of Trade and Commerce
Mr. H.B. McKinnon, Chairman of the Tariff Board
Mr. K.W. Taylor, Deputy Minister of Finance
Mr. J.E. Coyne, Deputy Governor of the Bank of Canada
Mr. R.M. Macdonnell, Asst. Under-Secretary of State for External Affairs
Mr. L.W. Pearsall, Department of Agriculture
Mr. W.P. Chipman, Privy Council Office, (Assistant Secretary)

Also Present:

Mr. M.W. Sharp, Associate Deputy Minister of Trade & Commerce
Mr. J.J. Deutsch, Assistant Deputy Minister of Finance
Mr. C.M. Isbister, Department of Trade and Commerce
Mr. J.F. Parkinson, Department of Finance
Mr. S.S. Reisman, Department of Finance
Mr. L. Rasminsky, Bank of Canada
Mr. A.E. Ritchie, Department of External Affairs
Mr. A.R. Kilgour, Department of External Affairs
Mr. A.E. Richards, Department of Agriculture

...

IV. COMMONWEALTH FINANCE MINISTERS' MEETING[18]

25. *The Assistant Deputy Minister of Finance* said that before the conference began the British had taken stock of their position and that of the sterling area and arrived at the conclusion that no further major step in the area of convertibility could be taken in the immediate future. This had a limiting effect on the discussions at the conference. The agenda for the meetings was routine in nature and covered the usual subjects.

The first item discussed was the position of the sterling area and the outlook for the immediate future. The sterling area in the last eighteen months had been in

[18] D.C. Abbott était le chef de la délégation canadienne avec le concours de W.F. Bull, John Deutsch et Louis Rasminsky.
The Canadian delegation was led by D.C. Abbott, who was assisted by W.F. Bull, John Deutsch and Louis Rasminsky.

overall surplus and for the next six months expected to continue in overall surplus — but at a somewhat lower rate and with smaller additions to the reserve.

As in previous meetings, following the forecast for the next six months, there had been a discussion of import policies in the light of the forecast. No changes in policy had been called for. The United Kingdom would continue the trend toward the freeing of trade in raw materials and foodstuffs. Other Commonwealth countries had not indicated any new developments with the exception of the South African non-discriminatory policy on certain imports from the first of the year.

The conference next reviewed the decisions of previous conferences and last year's Prime Ministers' conference on the collective approach as the policy of the sterling area.[19] At this time, two major points came up for discussion — the possible impact of a U.S. recession on the collective approach and, in the light of practices in 1953, the question of whether it was still realistic to expect the United States to adopt good-creditor policies.

On the question of a recession there had at the beginning been a good deal of uncertainty and some apprehension. The discussion had probably reduced, to a certain extent, the fear of a serious or prolonged recession. We had said we anticipated the possibility of a shallow and relatively short recession and it had been concluded that prospects were not such as to justify any change in the course of present policies. The British — although somewhat more pessimistic — were in general agreement that no change in course was necessary at present, but wished to keep in close consultation with Commonwealth countries in case of a downturn. They had, indeed, indicated that they might consider the use of some of their reserves to ride out a short-lived recession rather than resorting to restriction of imports.

On the subject of U.S. good-creditor policies the Canadian delegation had been gratified at the realistic approach displayed by Commonwealth countries toward the situation in the United States. There was a realization that the expectations of last March were too optimistic and that it was unlikely that any dramatic changes would take place in U.S. policies. At the time of the meeting, the Randall Commission had not, of course, reported and there was hope that positive progressive steps might be taken, albeit slowly.

From the discussions, the position of Western Europe with respect to the collective approach seemed disappointing. Little progress had been made in plans for adapting the European Payments Union to convertibility, and little initiative in this direction was being shown. It appeared that West Germany was most interested in convertibility, followed fairly closely by Belgium and the Netherlands. There seemed little interest in other countries, possibly because they found the present system too comfortable. The United Kingdom had indicated that a new effort would be made this year to encourage some enthusiasm toward convertibility in EPU countries.

As far as the attitude of individual Commonwealth countries toward convertibility could be assessed, there appeared to be no attempt to quarrel with, or hold out reservations against, the collective approach as the common programme of the ster-

[19] Voir/See Volume 18, Documents 565-607 et/and Volume 19, Documents 592-595.

ling areas, although no mention had been made of timing. The Asiatic Commonwealth countries appeared, in this respect, to have swung into line in the realization that sterling must be re-established in the interests of all as a respectable currency.

It had been noticeable that protectionism was rampant in some countries. It appeared that the views of some groups in certain countries would be difficult to change and therefore, in practice, it would be difficult to move toward the liberalization of trade.

As a final comment, there was some evidence that the monetary and fiscal situation in some countries was somewhat strained. Australia appeared close to inflation and there was some possibility of a similar situation developing in the United Kingdom.

In summary, it was encouraging that, in the formal sense, the immediate future of the sterling area appeared satisfactory and that there was a better understanding, on the part of Commonwealth countries, of the United States position.

26. *Mr. Rasminsky* agreed generally with Mr. Deutsch's excellent summary. He did feel, however, that although the record appeared good there seemed to be an impression that for domestic political reasons the U.K. Chancellor of the Exchequer would have an increasingly difficult task in moving toward convertibility, especially because of the lack of U.S. good-creditor policies and the possibility of a recession. This would indicate that, although the objective was not being abandoned, there would be very careful thought given to the timing of any moves.

Other sterling area countries, while, in general, agreeing with the collective approach, appeared somewhat less enthusiastic than a year ago. Most countries had eased up on their deflationary policies. Australia, New Zealand, the United Kingdom and Ceylon appeared to be in an inflationary stage and it did not seem likely therefore that there would be much pressure on the United Kingdom from other sterling area countries, except possibly India, for moving toward convertibility.

27. *The Deputy Minister of Trade and Commerce* reviewed developments in the trade field. In the beginning he had been depressed about the attitudes revealed at the conference but, in private conversations, he had received a degree of encouragement.

In discussions in Canberra, officials had offered to recommend relaxation in certain import controls — notably salmon (up to $500,000); newsprint (up to 45,000 tons) and increased quotas of pulp, soft-wood lumber, agricultural machinery and typewriters. In the broader field, officials said specific proposals, in cases where Canadian goods would undersell U.K. goods, would be considered.

In New Zealand, officials had agreed to prepare a list of items on which concessions might be made. As in Australia, there were certain political difficulties in the way of any measure to free trade, but it seemed that they would be particularly receptive in cases where it could be shown that Canadian items would be cheaper than other imports. New Zealand had asked us to consider buying some butter and cheese from them.

The timing of the talks with Australia and New Zealand appeared good, and some encouragement might be taken from their outcome.

28. *The Assistant Under-Secretary of State for External Affairs* asked when, barring unexpected developments, Finance Ministers might be expected to meet again.

29. *Mr. Deutsch* said the assumption was that the meetings would be held annually.

30. *The Deputy Minister of Finance* said that the collective approach would likely be raised at the joint United States - Canadian Committee on Trade and Economic Affairs meeting.[20] The United States obviously would be unwilling again to be placed in a position where they appeared to be pushing the collective approach. Presumably, we also should not appear to be in this position. The decision on timing was not for us to make.

31. *Mr. Parkinson* suggested that, with respect to the collective approach, it might be recommended to Ministers that, while the question of timing was not one for Canada to decide, we might assist in the achieving of the objective as much as possible; for example, in supporting a scheme of assistance by the International Monetary Fund. It might also be suggested to the United States that convertibility and the removal of trade restrictions would be advantageous both to them and to us.

32. *The Committee*, after some further discussion:

(a) noted the reports by Messrs. Deutsch, Rasminsky and Bull on the Commonwealth Finance Ministers' Conference; and

(b) agreed that on the question of the collective approach it should be recommended to Ministers that the Canadian position should be one of neither encouragement nor discouragement but that we should be prepared to assist the achievement of the objective in any reasonable way possible.

386. DEA/50330-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1637 Washington, September 18, 1954

SECRET. IMPORTANT.

Reference: Our teletype WA-1616 of the 16th September.†

MEETING OF COMMONWEALTH FINANCE MINISTERS, WASHINGTON 1954[21]

Since it may be that you have no very precise idea yet of what course the discussion is likely to take at the meeting of Commonwealth Finance Ministers that is to

[20] Voir/See Document 525.

[21] W.E. Harris était chef de la délégation canadienne et les autres principaux membres étaient G.F. Towers, A.F.W. Plumptre, Louis Rasminsky, Louis Couillard, D.V. LePan et A.B. Hockin.
The Canadian delegation was led by W.E. Harris and included G.F. Towers, A.F.W. Plumptre, Louis Rasminsky, Louis Couillard, D.V. LePan and A.B. Hockin.

be held here on the 30th of September and the 1st of October, we thought you might like to receive any information that has reached us, scanty though it is. We gather from the British Embassy that the Chancellor of the Exchequer has suggested in a telegram to the Minister of Finance that there should be no agenda for the meetings and that they should be quite informal. However, Rickett has gone over for us the subjects that he would expect to be dealt with; and from his rather routine summary you may be able to glean perhaps a little about the Chancellor's intentions.

2. Rickett forecast that, as has now become usual, there would be some examination of the sterling area's short-term balance of payments prospects and that each of the sterling area countries would also be asked to report on internal economic conditions. The Chancellor, he felt sure, would want to initiate a discussion on the present status of the collective approach to freer trade and payments. His opening statement, Rickett thought, would indicate what was not likely to happen rather than suggest a tentative timetable for action in the near future, since it now seemed highly unlikely that current non-resident sterling would be made convertible even next spring. Business conditions in the United States would almost certainly come up for at least brief consideration; and Rickett thought that there would be more extended discussion of United States commercial policy and of the possibility of some liberal steps being taken by Congress at its next session. We will be sending you early next week a summary of our own views on this question.

3. The Chancellor would also be reporting to his Commonwealth colleagues, Rickett said, on his discussions in Washington, as well as in OEEC and in a number of European capitals. As you may be aware, it has been suggested by the United States representatives in the talks that have taken place here at the official level on the problems involved in making sterling convertible, that if the United Kingdom were to be granted a large standby credit by the fund, other sterling area countries should surrender their expectations of any accommodation from the fund. The United Kingdom authorities have made it clear that they could not support any formal move to deny other sterling area countries their rights as members of the fund, although they recognize that the standby proposed for the United Kingdom is to be regarded as support for sterling as an international currency. If the Secretary of the Treasury returns to this question during the bilateral meetings that are to be held with the British next week, the Chancellor will want to discuss this issue at the meeting of Commonwealth Finance Ministers, Rickett indicated.

4. For the bilateral discussions next week the United States Treasury have prepared a draft agenda. The draft sent to the Chancellor for his comments does not differ significantly from the list of topics mentioned by Southard to the Financial Attaché, as reported to Rasminsky in a letter dated the 17 of August.† That list, you may remember, ran as follows:

(a) The position and prospects of the United States economy;
(b) Developments in United States foreign economic policy;
(c) The economic position and outlook for the sterling area;
(d) The definition of "convertibility" for non-resident sterling;
(e) Trade discrimination in the post-convertibility period;

(f) The standby.

The main comment that the Chancellor has made on this draft is that, "it seems to be too much directed towards convertibility". There could hardly be a clearer indication of how languidly the brave banners of convertibility are hanging in Whitehall.

387. L.B.P./Vol. 5

L'ambassadeur aux États-Unis
au haut-commissaire au Royaume-Uni

Ambassador in United States
to High Commissioner in United Kingdom

PERSONAL AND STRICTLY CONFIDENTIAL Washington, October 2, 1954

Dear Norman [Robertson]:[22]

I think you ought to know privately that the first encounter of our new Minister of Finance with the Chancellor of the Exchequeur was hardly a case of love at first sight. Wynne [Plumptre] and Lou Couillard will be in London very soon and I have asked them to have some private word with you to amplify what I can say in a letter. Both of them were in close touch with the Canadian Delegation to the Bank and Fund and Commonwealth meetings, and in a private round-up we had yesterday afternoon before Wynne left for Ottawa I found that Wynne's impressions were the same as my own.

Because Walter Harris was entirely new to these affairs, I had arranged to have a dinner for him the first evening of the Bank and Fund meetings a week ago. In fact, I was quite proud of myself in having landed both the Secretary and the Chancellor as well as other top U.K. and U.S. brass for the occasion. Harris himself was not too enthusiastic about my doing this, but consented on my urging that it would be important that he should establish friendly personal relations chiefly with Butler and Humphrey just as soon as possible.

Well, the dinner went off all right I think, and I managed to get Harris and Butler closeted alone for some little time and subsequently in a small relaxed group. Harris seemed quite happy at the end of the evening, although, as you know, he does not like these affairs much and denies himself severely elements which make them pleasant, or at least passable, for most of us.

The Bank and Fund meetings were, I gather, pretty dull and routine, and I am in no doubt that the Minister found them boring. But probably the continuous social activity, which is apparently inseparable from these meetings, bored him even more. During the five or six days which preceded the actual Commonwealth meetings he saw Butler on several occasions, and there is no doubt that the manner in which the Chancellor chose to express the U.K. attitude on the subject of main

[22] Note marginale :/Marginal note:
L.B.P[earson]. I thought I'd better write this — a pretty distressing week. You might destroy this. A.D.P. H[eeney]

concern to Canada (the "collective approach") did nothing to counteract the impressions which the Minister was already acquiring of the whole week's exercises.

The first Commonwealth sessions were held on Thursday. The final one was fixed for Friday morning. Thursday evening when Harris, Towers and I and the other Commonwealth Ministers et al. were to dine with Roger Makins, I heard that the Minister had decided to leave for Ottawa first thing Friday morning (with the whole Ottawa delegation), although, as I knew, he had previously planned to remain until Friday evening. In fact this decision was carried out, although Wynne remained over and with Doug LePan represented Canada at yesterday's meeting.

At Roger's dinner, the Chancellor made a point of collecting me afterwards presumably to explain the position which he and the U.K. Delegation had taken. He said that he realized that our people were pretty unhappy about it, but almost poohpoohed their disappointment. Although he was pleasant enough and spoke nicely about Harris, he was quite obviously somewhat irritated by the suggestion that anyone else should presume to tell him how to protect sterling. He said that he knew the Commonwealth well, had spent much of his life in many parts of it, and that others simply did not know or appreciate all of the factors involved. His references were not to Harris, but to Canadian officials. He referred to himself as "an artist" in these matters and inferred pretty obviously that he could and would brook no interference.

I do not want to give the impression that the conversation was unpleasant or that Butler was being in any sense rude or impolite.

But he was distinctly patronizing and it was quite evident that his idea of a Commonwealth "family party" was based on the leave-it-to-father principle. I thought perhaps he had been irritated by Harris's decision to leave early, but he assured me that he was not.

At my suggestion, after our own talk, Harris came over and conversed alone with Butler for fifteen or twenty minutes before we left. I gather that he repeated to the Minister much of what he had said to me.

Harris and Towers came down to the Embassy after we had taken our leave and we spent an hour going over the events and impressions of the week. Apart from the business end of the meetings and private conversations (concerning which Plumptre will be able to inform you fully) it was quite evident that, although prepared to make every allowance for Butler on personal and official grounds, Harris had found the Chancellor's attitude and demeanour totally unsympathetic. And certainly he was confirmed in his first suspicion that his coming to Washington for a week when he had so many other preoccupations at home had been a complete and distasteful waste of time.

I hope I have not exaggerated the situation. Perhaps I have. But it is certainly true that this first contact has not left on our man an agreeable impression of one with whom he will have so much to do in affairs which concern both our countries so deeply. I do not suppose that there is very much you can do about this, but because you know Whitehall — and I presume Butler himself — so well I thought I should tell you frankly what has transpired. Mind you, there is no break of any kind

or breach in personal, and, of course, not in official, relations. Nevertheless, what I had hoped would be the occasion for the beginning of friendly personal relations has, I fear, turned out badly. Obviously, you cannot breathe a word of this in London, but I thought that in anticipation of future meetings of the two men (who are, of course, so fundamentally different in every way), it might be well for you to have in mind the atmosphere of their first encounter.

I would be glad if you would destroy this letter.

Our love to Yettie [Robertson].

Yours ever,
[A.D.P. HEENEY]

388. DEA/9100-AO-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1738 Washington, October 4, 1954

SECRET. IMPORTANT.

Reference: Our teletype WA-1637 of September 18.

MEETING OF COMMONWEALTH FINANCE MINISTERS, WASHINGTON 1954

Of all the meetings of the Commonwealth Finance Ministers, none can have been less purposeful than the meeting held last week in Washington. Initially arranged as a completely informal meeting, it was altered at the last moment by the circulation of an agenda paper by the United Kingdom authorities. The agenda was difficult because it covered both very broad issues and very technical subjects which might better have been left to officials to handle. It was moreover not carefully adhered to. To add to the confusion and discomfort the proceedings were conducted in a wooden sweatbox, annexed to the United Kingdom Embassy, in which the fans were powerless against the heat but quite powerful enough to muffle discussion so that much of what was said was inaudible.

2. Presumably the United Kingdom's objectives in convening the meeting were

(a) To explain to Commonwealth Finance Ministers why it had been decided to postpone making current non-resident sterling convertible, while at the same time retaining their full support for the initiative; and

(b) To persuade them to agree to the comparatively minor amendments in the United Kingdom proposals that had been introduced primarily in an attempt to meet United States views.

These objectives would not in any case have been easy to accomplish, especially at a time when United States commercial policy provided such little grounds for

encouragement. They were made more difficult by the unnecessarily confused course of the discussion and by the poor physical arrangements for the meeting.

3. The high point of the meeting was clearly intended to be the statement by Mr. Butler of why in his opinion the time had come to pause. These remarks can hardly have convinced many in the Chancellor's audience that they had been permitted to glimpse the inwardness of the United Kingdom's decision. The first reason the Chancellor gave for delay was that although he believed the long-term trend of United States trade policy to be in the right direction, it had become clear that the United States was not yet in a position to implement any of the good creditor policies that had been suggested as appropriate in the collective approach. What was still lacking was a permanent method of bridging the dollar gap. There was also the difficulty, the Chancellor went on, that appropriate arrangements had still to be made on the continent of Europe so that there could be an orderly advance on a broad front. The establishment of a European fund seemed a promising way of solving the problems of the continental countries who were not yet ready to go forward. But this would require a good deal more study. As for the sterling area itself, it had surmounted successfully the difficulties created by the United States recession. But its prospective export earnings gave no grounds for complacency; and it was unlikely that the reserves would continue to increase over the next twelve months. Further time was required for sterling area countries to fortify themselves for convertibility and in particular to take steps to increase their exports. The situation within the sterling area by itself was certainly not bad enough to retard a forward movement, but neither by itself was it good enough to warrant a decision to make current non-resident sterling convertible.

4. It had been rumoured that the United Kingdom decision had been taken on purely political grounds. Repudiating that suggestion, the Chancellor claimed that there was apprehension among all parties in the United Kingdom over convertibility. In particular, there was worry about a floating rate. Fear was abroad that this might be used to depress standards of living. It was, therefore, all-important that the move toward convertibility, when it came, should be taken in an atmosphere of stability that would suggest that any fluctuations of the pound could be held within modest limits. There was also anxiety in the United Kingdom about linking its economy too closely with that of the United States. It was for this reason that the Chancellor would prefer to rely on financial support from the International Monetary Fund and forego assistance from the federal reserve system. It had been argued that, unless sterling had the protection that would be afforded by a floating rate, it might be very vulnerable to changes in the world economic climate. The Chancellor said in rebuttal merely, "how much more vulnerable I would be if I took the plunge before I was ready!" Nevertheless, the general lines of progress mapped out by the collective approach were still sound, he insisted. Above all, this was a policy that could bind together in common agreement the United Kingdom, the sterling area, the continent of Europe, Canada and the United States.

5. Representatives of the other Commonwealth countries were then polled for their reactions to the United Kingdom's decision. Their sighs of relief were like steam escaping from a boiler. Sir Arthur Fadden said for Australia that in all the circumstances there was no alternative but to mark time. The Ceylonese Minister of

Finance agreed that the goal of convertibility should be approached cautiously. Mr. MacIntyre, the Rhodesian Minister of Finance, thought that the sterling area had done well to pause, Sir Chintaman Deshmukh said for India that in deciding whether or not to cross the Rubicon, it would be well to bear in mind fluctuations on the Potomac. The New Zealand Secretary of Finance felt that the conditions precedent for a move towards convertibility had not yet been met. Mr. Mohammad Ali seemed to sunk in rumination over Pakistan's urgent financial problems that he could do little more than agree wanly with the Chancellor. Dr. Holloway, the new South African Ambassador here, like some midas choked with gold, explained hoarsely that in the long run it would be impossible to support the strain of convertibility unless the price of gold were brought into line with the depreciated value of the United States dollar.

6. It has often been contended by Canadian representatives that in an initiative of this kind there is no standing still. If there is not some forward movement, however slight, there will be retrogression. That view seemed to be amply substantiated at the meeting last week. Mr. Harris touched on the danger of delay in his principal statement. Taking up the Chancellor's comments on the possible vulnerability of sterling, he explained that the Canadian view was not so much that sterling was now vulnerable as that it would be less vulnerable to changed conditions if it were protected by a floating rate. The course of business activities in the United States and of United States commercial policy were uncertain. By January of next year the prospects should be clearer; and all the contingencies that might emerge at that time should be kept in mind. Then he went on to say that all human experience suggested there were risks in long engagements. There might also be risks in a long postponement of the contemplated marriage between the pound and the dollar.

7. If he had not been so polite, Mr. Harris might have added that a long engagement gives a chance for unregenerate habits to reassert themselves. Certainly they were reasserting themselves with a vengeance at last week's meeting. With all the cheerful gruffness of an old lag, Sir Arthur Fadden spoke of the importance of encouraging dollar-saving investment in the sterling area as though no one had ever mentioned to him the advantages of an international division of labour. The Rhodesian Minister of Finance pleaded the cause of imperial preference with complete unconcern over the role that the United States must play in the collective approach if it is to be successful and over the well-known United States views on preferences. As though oblivious of the discussions that had taken place in London two years ago, the New Zealand representative expressed the view that the transitional period should be as long as possible so that the shock to the New Zealand economy that would be caused by eliminating discrimination might be cushioned. Australia, Sir Arthur Fadden declared, must reserve the right to impose import restrictions and was not prepared to agree to any rigid timetable or formula for the dismantling of restrictions or for removing discrimination. To complete the tale of truancy, Sir Chintaman Deshmukh entered a general reservation of the right of under-developed countries to maintain quantitative restrictions over a long period in order to protect their infant industries and to conserve their exchange resources for economic development. This reservation, it must be admitted, had been made and in large measure accepted at the Commonwealth economic conference in 1952. But many of the

other objections and reservations that have been listed above marked a considerable retreat from the level of agreement that had been reached in London two years ago.

8. A few efforts, were made by the Chancellor, assisted by Sir Frank Lee, to put down grumbling among the other merchant adventurers and to keep the vessel on its course. Mr. Butler mentioned the necessity of maintaining momentum and said that he hoped to be able fairly shortly to announce some relaxations in the United Kingdom's exchange regulations that should inspire confidence that the United Kingdom was still determined to move towards convertibility. The United States treasury had for some time been urging that legacies should be more freely transferable to the dollar area; he hoped to be able to go some distance towards satisfying that request. He also intended, if possible, to relax the restrictions on travel allowances. None of the moves he had in mind, however, could be characterized as being of major importance, he admitted. When Plumptre expressed the hope that there might be some relaxation of trade restrictions as well, the Chancellor replied that he would endeavour to increase the degree of trade liberalization with OEEC countries. Goods from other parts of the sterling area would also continue to be admitted freely to the United Kingdom in spite of the restrictions against United Kingdom goods that existed in some sterling quarters. However, he could not hold out any hope of a further reduction in discrimination against dollar imports in the near future.

9. The Chancellor also underlined the advantage there would be in a stricter code of trade rules and warned that there would have to be some give and take in the process of working them out. Sterling area countries, Sir Frank Lee stressed, would not be able to write their own ticket and must be prepared to run some risks themselves in return for the commitments they would be seeking from other countries. Although the other representatives at the meeting were willing to concede these points in theory, they seemed to be little impressed by them. Nor did the Chancellor appear to have much more success in defending the International Monetary Fund against the criticism that was levelled at it, particularly by Sir Arthur Fadden. Fresh from his first visit to the fund in three years and from his very considerable oratorical triumphs there, the Chancellor offered the opinion that the fund "is growing up". At this latest conference it had been brought much more into the stream of ordinary life, he thought. Once again, Sir Arthur Fadden seemed unimpressed.

10. One clue to the Chancellor's own preoccupations seemed to emerge at the final meeting of Friday morning, when he returned to the question of a floating rate and stressed again the need for maintaining stability. It will be recalled that, at the Commonwealth economic conference, both India and Pakistan showed great reluctance to link their rupees to the pound unless fluctuations could be held within narrow limits. It was clear that the Chancellor's remarks were directed, in large measure, to Sir Chintanman Deshmukh and Mr. Mohammad Ali to see how far he could trust them to convince their government that the link with sterling should be maintained. Although neither gave any commitments, their worries on this score seemed to have dwindled a good deal. But it also seemed clear that the Chancellor, at this one point at least, was expressing his own worries and was seeking help. The United Kingdom, he said, was basing its financial policies on classical principles and was still convinced of the advantages of a floating rate. Nevertheless, it

was becoming clearer and clearer that public opinion in the United Kingdom was apprehensive about it; and the Managing Director of the fund had also spoken to him privately of the need to maintain stability. The problem was how to convince public opinion that stability would be maintained without committing himself to public statements about the limits within which the pound would be allowed to fluctuate. A floating rate would certainly give additional security. Under present circumstances the pound could be defended merely by using the reserves; and it would be a great advantage to have a double protection. But how could the public be convinced that this banker's weapon would not be turned against them? Plumptre remarked that the Canadian authorities were not so worried as the Chancellor seemed to be about this problem. If there were dangers in a flexible rate, there were also dangers in a fixed rate. The Chancellor accepted those remarks agreeably enough but still seemed to be lost in perplexity. Inconclusive as this discussion was, it seemed to suggest that, in the Chancellor's mind at least, the aspect of the collective approach that is most politically sensitive in the United Kingdom is the floating rate.

11. Taking it all in all it is hard to resist the conclusion that the collective approach would be in a better position today if last week's meeting of Commonwealth Finance Ministers had never been held.

12. In following messages we are reporting on various aspects of the meeting that are of more technical interest.

389. DEA/9100-AO-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1747 Washington, October 5, 1954

SECRET. IMPORTANT.

Reference: Our telegram WA-1738 of the 4th of October.

MEETING OF COMMONWEALTH FINANCE MINISTERS, WASHINGTON, 1954

In our message under reference, we tried to give a general synopsis of the meeting of Commonwealth Finance Ministers. In this telegram we should like to summarize more particularly the results of Mr. Butler's efforts to persuade Commonwealth representatives to agree to the modifications of the original United Kingdom proposals that were outlined in the four papers circulated before the meeting. Insofar as the modifications tended in the direction of a stricter code of commercial conduct, they proved almost completely unacceptable to other sterling area countries.

New Balance of Payments Escape Clause in GATT

2. Except from Canada, there was no support for the United Kingdom proposal that the balance of payments escape clause in GATT should be tightened. Both the Australian and New Zealand representatives opposed the proposal that there should be time limits after which quantitative restrictions must be removed. Sir Arthur Fadden thought that the main objective of preventing other countries from taking unfair advantage of the convertibility of current non-resident sterling could be achieved within the existing GATT articles if consultations among the contracting parties were used to bring pressure to bear on countries discriminating unjustifiably against sterling goods. The Indian and Pakistani representatives were also apprehensive about the proposal for a tighter escape clause in spite of the wide latitude that is contemplated for under-developed countries. Sir Chintaman Deshmukh and Mr. Mohammad Ali argued that under-developed countries in the process of development are likely to be in constant balance of payments difficulties; and they were obviously worried that a stricter provision to regulate quantitative restrictions imposed on balance of payments grounds might be used to limit the right of under-developed countries to impose restrictions in furtherance of their development programmes.

3. After the Indian Minister of Finance had explained in his mild and persuasive way why underdeveloped countries needed virtually unlimited freedom to impose quantitative restrictions, Plumptre said that the Canadian Government had considerable sympathy with the case that had just been put forward. It would, however, be a difficult position to maintain if underdeveloped countries were to claim all the advantages of the trade rules without assuming any of the obligations. To this Sir Chintaman Deshmukh replied that India was prepared to make some sacrifice in order to assist in the development of a common code of commercial conduct.

4. At an earlier stage Plumptre had also expressed Canada's concern that the transitional period should be kept as short as possible. The more dismantling there could be of import restrictions and discrimination in the period before convertibility, the shorter the transitional period could safely be, he suggested. Ashwin of New Zealand, on the other hand, argued that the transitional period would probably have to be protracted and all the other sterling area countries, except the United Kingdom, seemed to agree with this view.

5. The United Kingdom thesis that prior approval should not be required before import restrictions were imposed in an emergency was gleefully lapped up by sterling area representatives, as might have been expected. The Canadian representative said that he had some sympathy with the views which had been advanced by the United Kingdom on this issue but he could also see the force in the United States desire that some form of prior approval should be required. The Canadian authorities still had an open mind on this point, he stated. There was nothing equivocal, on the other hand, about the views of sterling area countries. Without exception they thought that any requirement for prior approval would be unworkable and undesirable.

Respective Roles of the Fund and GATT

6. The United Kingdom's proposal that the fund should be given wider authority to supervise trade restrictions ran into as heavy weather as the proposal for tightening the balance of payments escape clause. Sir Arthur Fadden said that Australia was opposed to extending the influence of the fund over trade matters. One reason for their opposition was that Australia had been given to understand at the time the fund articles of agreement were negotiated that the operations of the fund would be restricted to exchange questions. Secondly, the fund was objectionable from Australia's point of view because it was too much under United States control. The system of weighted voting, United States influence over Latin American countries, and United States preponderance within the international staff, when added together meant that the United States could dominate decisions by the fund. The United Kingdom proposal was therefore unacceptable to Australia. The New Zealand representative suggested that the fund might be authorized to make a determination of whether or not the totality of the restrictions imposed by a country in balance of payments difficulties was justified; but this determination should not be binding on the contracting parties to GATT.

International Organizations

7. The suggestion that a Council of Governors of the fund should be established had a slightly more favourable reception. Plumptre reported that, although the Canadian authorities had not yet reached a firm position on this question, they were disposed to find merit in what the United Kingdom had proposed. Sir Chintaman Deshmukh also expressed some support for the new idea. He thought, however, that the new Council of Governors of the fund should be paralleled by a similar informal GATT body. The two groups could then on occasion meet together if circumstances seemed to make such collaboration desirable. This additional suggestion won considerable support, with Pakistan, Australia and Ceylon rallying behind it; and Mr. Butler promised to give it further consideration and have it discussed with the United States authorities. He warned, however, that one of the principal United States objections to the earlier proposal for a joint GATT-fund committee had been that this would involve creating a new international body, which would require congressional sanction. It was possible that, in the United States view, the establishment of informal committees both of the fund and of the GATT, which could on occasion meet together, might be open to the same objection. Sir Arthur Fadden, who had opposed the United Kingdom proposal from the outset on the grounds that it would strengthen the authority of the fund in trade matters, was only just prepared to swallow the dose when sweetened in the way suggested by the Indian Minister of Finance. Existing arrangements for co-ordination between the work of the fund and of GATT would be satisfactory if they were used more fully, he thought. Throughout this discussion it was very noticeable that the under-developed countries all believed that their problems would be much more sympathetically considered by the contracting parties to GATT than by the fund.

Article XIV and Article VIII of the Fund Articles of Agreement

8. The Chancellor did not invite extended discussion of this issue. But both the Indian and Pakistani representatives said that they would feel safer if their countries

remained in the safe anchorage provided by Article XIV and did not run the risks that might lie in moving out into the open water of Article VIII.

9. The preceding message is to be regarded as a draft until it has been cleared with other members of the Canadian delegation at the meeting.

3e PARTIE/PART 3

PLAN DE COLOMBO
COLOMBO PLAN

SECTION A

CONTRIBUTION CANADIENNE
CANADIAN CONTRIBUTION

390. DEA/11038-40

Note du chef de la Direction économique pour le sous-secrétaire d'État par intérim aux Affaires extérieures

Memorandum from Head, Economic Division, to Acting Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], August 11, 1954

FUTURE CANADIAN PARTICIPATION IN THE COLOMBO PLAN

The attached memorandum has been prepared in this Division and approved by Commonwealth, Far Eastern, Defence Liaison (1) and Information Divisions. I regret that it has not been possible to state the case at less length. In view of the fact that Mr. Harris does not have much familiarity with the subject (although officials in Finance are briefing him now), it seemed desirable that Mr. Pearson should be supplied with a fairly full memorandum for the purpose of his consultations with the Minister of Finance and others. I think you will agree that it will be desirable for the Minister to have a memorandum on this subject as soon as possible in view of the imminence of the Colombo Plan meeting and of the need for guidance in connection with our programming of aid for next year.[23]

A.E. RITCHIE

[23] Note marginale :/Marginal note:
Mr Ritchie: This is an excellent memo. I've sent it forward as is. R.A.M[acKay]

[PIÈCE JOINTE/ENCLOSURE]

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

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

CONFIDENTIAL [Ottawa], August 10, 1954

FUTURE CANADIAN PARTICIPATION IN THE COLOMBO PLAN

It would seem desirable to have some early decisions, at least in principle, concerning the future of our Colombo Plan activities, especially as the meeting of the Consultative Committee is to open in Ottawa some five weeks from now. Ministerial guidance at this stage would be helpful to the officials concerned both in enabling them to prepare the briefs for our delegation and in providing them with some assumptions on which to base the planning for next year's programme of assistance. You might, therefore, wish to discuss these matters with the Prime Minister and Mr. Sinclair, particularly in view of their recent visits to Asia, as well as with Mr. Harris and Mr. Howe at an early date in order to ascertain their views. We might then prepare a memorandum for consideration by Cabinet.[24]

2. Ideally, it might be hoped that Ministers would be willing to express views not only regarding the size of next year's contribution but also regarding the length of the future period during which Canada might be prepared to contribute. As you know, there has in the past been general agreement among the governments participating in the Plan that programmes would be considered which would involve the allocations of funds extending over a six-year period ending about June 30, 1957. Although this has been publicly described as the period of the Colombo Plan — and although some results will be expected during that period — we doubt that anyone has regarded this as more than a timetable for planning purposes. It can scarcely have been imagined that the serious problems which originally gave rise to the Plan would all have been resolved within that time and that private investment would be flowing in such volume that special aid from outside would no longer be necessary. Undoubtedly, it has been realised that it would be politically unsound, if not disastrous, to envisage the cutting off of Colombo Plan aid in 1957 with all the implications which that would have for future relations between Asia and the West at a time when those relations are likely to be in a fairly delicate state. While it might be desirable to remove the uncertainty concerning the duration of the Plan, it would appear impracticable to determine now for just how much longer the Plan should continue. For the present, *it might be sufficient for Canadian Ministers to arrive at an understanding that June 30, 1957 is not to be regarded as a firm terminal date and that they would be willing to examine at an appropriate stage with other members of the Consultative Committee (but not at the Ottawa meeting) the*

[24] Note marginale :/Marginal note:
I think that this should be done now [L.B. Pearson]

length of time for which the Colombo Plan — or its next phase — should run.[25] If the question of extending the period of the Colombo Plan arises at the forthcoming meeting, the Canadian delegation might then take the position that next year would be a better time to make a formal decision since by that time more will be known about the position which is likely to be reached at the end of the present life of the plan.

3. On the immediate question of the proper size of our contribution for 1955-56, a more precise decision would appear to be desirable both for the purpose of enabling planning on our aid programme to go forward and for the guidance of the delegation to the forthcoming meetings. Even if it were to be considered inadvisable to make a specific announcement in the course of the September/October meetings, it would be useful for the delegation to be able to say something on the subject and for the members of the delegation to be aware of what the Government would be prepared to do in order that they might know what attitude to adopt towards the numerous requests which will doubtless be made of them by the various visiting delegations. The question of whether or not it would be advisable at this stage to seek such a decision from Cabinet could perhaps be decided after you have consulted the other Ministers most directly interested.[26]

4. In discussing this question with your Ministerial colleagues, you may wish to review certain aspects of the Plan with which some of them may not be too familiar.

5. You might consider it particularly desirable to counter any impression that our Colombo Plan activities represent little more than a superficial and futile relief operation which will be submerged by the inexorable growth of population. The following paragraphs bear on this point.

6. To the extent that we have provided wheat and other commodities, our object has been not so much the meeting of the pressing needs of consumers as the creation of local capital ("counterpart funds") to assist the national Governments in financing productive development projects. While a good deal of emphasis has naturally been given to increasing the production of food, it has been appreciated that if real and lasting progress is to be made other parts of the economy must be developed simultaneously. We have tried to ensure that our aid (whether in the form of equipment, or commodities, or technical advice) will foster economic development on as broad a basis as possible. We feel that we have been reasonably successful and that the projects we are supporting under the Colombo Plan will yield widespread and durable benefits. Improvements which we are helping to bring about in the transport and power systems of the countries which we are assisting will have pervasive effects in those parts of the countries where they are located. So too, will the irrigation works which we are aiding. The survey which we are conducting of natural resources can be expected to influence the future development of a whole economy. The cement plant which we are building and the experimental fisheries

[25] Note marginale :/Marginal note:
Yes [L.B. Pearson]

[26] Note marginale :/Marginal note:
Do not put any figures in the memo at this stage. [L.B. Pearson]

work which we are doing will also have lasting effects. The technical training which we are providing should bring about some increase in agricultural and industrial efficiency and productivity.

7. An example of the kind of return which carefully selected projects can yield is provided by the Mayurakshi irrigation and power development in India, which we are helping substantially with equipment, counterpart funds and engineering advice. The increased food production resulting from this project every two years after its completion is expected to be equivalent to its total cost. In addition to the effect which it will have on the size and dependability of food supplies in this area which has so often been afflicted by famine, this project will help to bring about an increase in employment and income (not only on the part of labourers involved in the initial construction work but also of the food producers who will be able to take advantage of the permanently increased productive capacity of the land.) It will, thus, have a stimulating effect on the rest of the economy of that part of India and will provide an incentive for the development of secondary industries to satisfy the new demands.

8. While our Colombo Plan contribution is not in the nature of a temporary relief operation, it is also not intended to be a substitute for — or a competitor with — private investment. Generally it would be accurate to say that we conscientiously try to avoid projects which, on the one hand, appear shaky and unsound or which, on the other, seem to be within the capabilities of the receiving countries themselves or which might be taken on by foreign investors. We concentrate on the "in-between" projects and, within the priorities set by the Asian Government itself, try to select those which will contribute most effectively to the general strengthening of the economy.

9. Although one would not wish to exaggerate how much difference our contribution will make to the improvement of economic conditions in Asia, it seems evident that Canadian aid, reasonably well managed, can have beneficial effects over the years out of proportion to the amount of money involved. In relation to the massive problems of the Asian countries, anything that we might do must almost inevitably appear small. This does not mean, however, that our effort — or an increase in that effort — is not worthwhile. This is particularly true in relation to political stability. The cumulative effect of the programmes which we are able to assist may contribute substantially to the countering of unrest in the Asian countries. Moreover, the spending of our money in aid of these countries in a spirit of cooperative partnership does a great deal to strengthen goodwill toward Canada.

10. In the present situation, and on the basis of our experience of the past three or four years, it would seem reasonable to suggest that it would be in Canada's interest to envisage a significant increase in our Colombo Plan contribution for the coming year. Even if our present standards are rigorously held to (e.g. insistence on sound projects, requirement that the bulk of the goods be of Canadian origin, etc.), and if there is no thought of attempting to dispose of "surpluses" in this area as the U.S. is now doing, there would appear to be a very strong case for a larger contri-

bution. Briefly, the following would seem to be among the considerations which might appropriately be put forward by this Department in support of an increase:[27]

(a) The Asian countries themselves will have to spend more on development in the coming year if progress is not to be retarded. Apart from any increases in costs, and aside from any new projects which it may be essential to undertake, many projects already under way will have advanced to the stage at which heavy outlays will be required. These heavier expenditures will have to be made without any significant increase in their own local resources, since few of the development projects so far undertaken will have reached the point at which substantial returns will have started to come in. There are economic and political limitations to what these countries can do for themselves in this situation. There are both economic and political risks — for us as well as for them — if their development programmes fail to move forward rapidly enough;

(b) On the basis of proposals already made to us, it would seem clear that, with only the same amount of money as last year, we would have to turn down many projects capable of contributing effectively to the improvement of the longer-term prospects for the economies of India, Pakistan and Ceylon, even though those projects are of a kind which could efficiently absorb the kinds of aid available from Canada. In fact, in the case of Pakistan, we would be unable to take on virtually any new project;

(c) Present indications are that, apart from Canadian equipment (which could readily absorb the whole of an appropriation on the present scale), it will be found desirable to provide some suitable commodity aid (e.g. aluminum and copper) to these three countries (and particularly to Pakistan), in order to ensure that enough local funds will be available to carry on sound projects in which we are directly involved;

(d) In the light of recent reports, it would appear that it may well be possible within the next year for Canada, by a judicious application of aid to specific projects, to make an effective contribution to a solution of the canal waters dispute between India and Pakistan which has been embittering political relations between the two countries, has been aggravating the difficulties over Kashmir, has been raising questions in Pakistan concerning the Commonwealth connection, and has been interfering with the economic development of both countries;

(e) In view of the fact that the inclusion of non-Commonwealth countries in the Colombo Plan accounts in part for its significance as a factor in the Asian situation, it might be advisable for Canada to provide a limited amount of capital assistance to some of these countries (as Australia and New Zealand, as well as the U.S., are now doing). Indonesia, Burma and Nepal have very substantial needs and would seem likely to be able to use any aid from us to good effect;

[27] Pearson a indiqué en soulignant des parties du texte original que sa prochaine note marginale renvoyait aux alinéas a) à i) :/Pearson indicated by underlining portions of the original that his next marginal note refers to paragraphs (a) to (i):
Do not put this in the memo. I can use it orally at the proper time. L.B. P[earson]

(f) Since a South East Asian Defence Organization is being created in which we may not wish to take part, that might make it all the more important for us to increase in other ways our contribution to the stability of South and Southeast Asia;

(g) In the particular case of the Associated States of Indo-China, we might wish (especially in the light of our participation in the Supervisory Commissions) to do something to help in improving conditions in the remnant of Vietnam, and also in Laos and Cambodia; all of which have been members of the Colombo Plan for some years but have received no capital aid from Canada;[28]

(h) It would seem clear that, especially in view of the commitments to be carried forward from the current year, more money will be necessary for the technical assistance part of our Colombo Plan operation if even the present scale of those activities is not to be curtailed next year;

(i) A larger Colombo Plan contribution, with whatever tax consequences that might imply, would seem to be in keeping with the increasingly active support which the Canadian public is showing for the Colombo Plan. (If the proposal which has been made for general cultural and educational exchanges with the Asian countries were to be brought within the Colombo Plan, that would be an additional reason for increasing the vote. The question of whether any such exchanges should be handled in this manner or should be dealt with separately from the Colombo Plan is one which may require further consideration.)

11. Some of these considerations are discussed in rather greater detail in an annex† to this memorandum.

12. In the light of these factors, *you might wish to suggest that the Canadian contribution for next year should be increased by $10 million, or preferably $15 million.* If it is argued that the budgetary position is likely to be extremely tight in the next fiscal year, you might wish to consider whether you would be prepared to acquiesce in a corresponding, or even slightly more than corresponding, reduction in the Mutual Aid programme (which is, of course, covered by a Department of National Defence vote, but which has been championed mainly by this Department in the past).[29] It would seem that, even with such a reduction, we would be left with a Mutual Aid programme which would be of a respectable size in comparison with that of other countries and one which would be tolerable from the point of view of this Department. While no doubt you would not wish to advocate such a curtailment of our Mutual Aid (and while some other Departments may now be at the point where they would wish to maintain the size of that programme), you may feel that a reduction would be warranted if it was necessary in order to enable Canada to provide aid to South and Southeast Asia on an adequate scale.

13. Even an increase of the order suggested above would not permit of much assistance to Indo-China if other high priority claims are to be met. If it were to be decided that very substantial aid should be given to the Associated States, it would be necessary to increase our Colombo Plan contribution still further or to seek a

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[28] Note marginale :/Marginal note:
I think that we are now doing enough in Indo-China! [L.B. Pearson]

[29] Voir/See Document 268.

special vote. You may wish to make it clear that the suggestion of an increase of $10 or $15 million is based on the assumption of only fairly modest aid for Indo-China (say $1 or $2 million). This assumption — which is the best that can be made now — might have to be reviewed later when the situation is clearer.

R.A. M[ACKAY]

391. DEA/11038-40

Le chef de la Direction des relations économiques internationales du ministère des Finances au chef de la Direction économique

Head, International Economic Relations Division, Department of Finance, to Head, Economic Division

Ottawa, August 25, 1954

Dear Mr. Ritchie:

RE COLOMBO PLAN — EXTENSION OF CAPITAL ASSISTANCE TO NON-COMMONWEALTH COUNTRIES

At recent meetings of the Colombo group there has been some discussion of the possibility that Canadian capital assistance under the Plan might be provided not only to the three Commonwealth countries in the area, India, Pakistan and Ceylon, but also to non-Commonwealth countries. Amongst the non-Commonwealth countries that have been mentioned are Nepal, Burma, Thailand, Indonesia, and the Associated States of Laos, Cambodia and Vietnam (Indo-China).

I understand that Mr. Pearson may in the near future raise with Mr. Harris the question whether next year's Vote for the Colombo Plan should be enlarged to allow for the inclusion of non-Commonwealth countries. This letter is not concerned with that issue. However, since the time left before the meeting of the Consultative Committee in Ottawa is now very short, it seems desirable to go as far as possible towards getting interdepartmental agreement on the following question: if Ministers did decide that non-Commonwealth countries should obtain capital assistance, which countries should be chosen for such assistance?

I believe that there are a number of principles that should be kept in mind in making this choice:

(a) The countries should be so chosen as to maintain, and, if possible, increase the public support for the Colombo Plan which is already so widespread in Canada. India, Pakistan and Ceylon are familiar to many Canadians, both because of their relationship to the Commonwealth and previously to the Empire, and also because of commercial ties, missionary ties, etc., etc. I believe that much of the public support for the Colombo Plan stems from the fact that many Canadians feel that they have some sort of connection with the recipient countries. If we are going to add new countries, and at the same time maintain the popularity of the Plan, these considerations will have to be kept in mind. They are considerations that probably

militate against such areas as Nepal and the Indo-Chinese States and Thailand, and argue in favour of Burma and Indonesia.

(b) We would want to be assured that we had the necessary experience and contacts in the country to ensure, as far as possible, that investment of substantial sums of money would not be wasted or frittered away, and that the investment subsequently would be reasonably well looked after. This is a tall order, but I do not see how we can avoid the responsibility. As you know, I have always felt that it would be a precarious operation to establish a capital assistance programme in a country with which we had not got fully developed political and economic connections — in short, in a country where we did not have representation, both by External Affairs and Trade and Commerce. We have enough difficulty keeping track of our affairs in India, Pakistan and Ceylon as it is, and we rely heavily on permanent Canadian representation in those countries and, to a lesser extent, on the representatives of India and Pakistan in Ottawa. This criterion or principle leads towards the conclusion that the first non-Commonwealth recipient of Canadian capital assistance in the Colombo Plan area should be Indonesia.

(c) The existence of fully developed Canadian representation in a recipient country provides not only for some effective form of economic and commercial guidance relating to our projects, but also provides a means of ensuring that the fundamental political purposes of the Colombo Plan can be pursued. Our Missions in the countries concerned can help us in avoiding political pitfalls, and can also help us to get political capital in the form of official and public recognition of Canadian aid. This argument also points towards Indonesia.

(d) Finally, if we are to go beyond the three Commonwealth countries, I feel that we should move slowly and carefully, and in particular we should not take on more than one additional country at a time. It is no criticism of our administrative machinery to say that we must not add heavy burdens quickly and indiscriminately. There is a limit to what Mr. Cavell and his associates should be expected to do. If we are going to extend aid to an additional country, it should be a matter that is undertaken very seriously and without haste. Our objective should be to avoid waste of any sort, and this will be more difficult outside the Commonwealth than in it, because of the less stable governments and because of the absence of traditions of administration somewhat similar to our own.

(e) It goes without saying that wherever Canadian capital assistance is applied we should try to maintain, and if possible improve upon, the general criteria of economic soundness and social betterment which we have always applied to our capital assistance projects.

I am not really arguing positively the case for aid to Indonesia; it is only that Indonesia seems to "win" as a result of elimination of others. Further, there is difficulty in choosing one non-Commonwealth country and rejecting all others — not only others in Southeast Asia, but others in different quarters of the world. It is relatively easy to defend our present position: aid to Commonwealth countries only under the Colombo Plan, and aid to other under-developed countries through the International Bank and United Nations programmes such as technical assistance. We might, of course, do something for Burma, as an ex-Commonwealth country,

without seeming to make invidious comparisons; as to the constitutional status of Nepal, I find myself hazy!

If, despite the difficulties, it was decided that one additional country should be eligible for assistance out of the Colombo Plan Vote, then I think we should make a very careful investigation of the situation in that country to decide what form our assistance ought to take. I would assume that Mr. Cavell on his next trip to the East would spend some time there, and he would probably wish to be accompanied by officials of one or two of the other Departments concerned. As he himself has emphasized, the fact that backward countries may not have come up with very attractive proposals in the past may well reflect administrative incapacity there, rather than absence of need; and it may well be that a Canadian group going there could find a very appropriate form for Canadian assistance.

Meanwhile, at the coming meeting of the Consultative Committee in Ottawa, Canadian Ministers might, if they had already decided to extend the coverage of our capital assistance, indicate on the one hand that Canada was for the first time going to go outside the Commonwealth in supplying aid, but at the same time we were anxious to move slowly and carefully in order to make our aid effective; it would be unreasonable, either now or in the future, to expect Canada to diffuse its assistance amongst *all* the possible applicants.

As you will see from the above, I do feel that in extending our capital assistance to non-Commonwealth countries, we should not allow all the initiative to lie in the hands of the would-be recipients. I do not think that we should sit back and wait for applicants, and then pick up the first requests that happen to meet our criteria of economic soundness and social betterment. I believe that this policy, or lack of it, might lead us into some very queer situations indeed — situations which would be likely to undermine support for the Colombo Plan in this country. Further, I believe that we shall get into an invidious situation between would-be applicants if we do not take a positive line in explaining why we are giving to some non-Commonwealth countries and not to others.

I would be interested in knowing whether you and my colleagues in our Colombo Plan group agree with what I have said above. I am sending copies of this letter to Messrs. Cavell, Finlay Sim, and Rasminsky.

Yours very truly,

A.F.W. PLUMPTRE

392. DEA/5475-DU-1-40

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL [Ottawa], September 9, 1954

CONTRIBUTIONS TO THE COLOMBO PLAN AND TO THE UNITED NATIONS EXPANDED PROGRAMME OF TECHNICAL ASSISTANCE

You will recall that I mentioned to you the other day in our conversation, the possibility of using some of the appropriations which I hope we will be able to save in the forthcoming year through a reduction of NATO military Mutual Aid, to an increase in our contributions to the above programmes which are also, and in a real sense, Mutual Aid of a very important kind.

So far as the Colombo Plan is concerned, we have been subscribing $25 million a year. I would hope that we could add, say, $10 million to this amount next year from Mutual Aid reductions. This plan has been a most successful venture, and has already paid important dividends, not only in terms of actual assistance to the Asian countries, but in strengthening the friendly relations between Canada — and other countries — and this very important part of the world: as such, it is strengthening peace. The Indian, Pakistani and other governments are continually referring to the Colombo Plan as a strong bond of friendship between their countries and ours. It is an example of Eastern-Western co-operation which rouses no suspicions and is accepted as having no ulterior motives.

On the economic side, the Mayurakshi irrigation and power development project in India, for instance, is expected to pay for itself out of resulting increased food production every two years.

In so far as the U.N. programme is concerned, we contributed last year $1 1/2 million to it, which was an increase of $500,000 over the year before. I would hope that we could add $1 million of Mutual Aid savings to this contribution. The U.N. programme is becoming increasingly effective, but is operating on a very low budget indeed, in view of the work to be done; something around $25 million, I believe. Having in mind the wide public support which the programme enjoys in Canada, and the continuing need, I would hope that the above increase would be acceptable.[30]

I am sure that you will agree with me that nothing is much more important in the fight against Communist penetration of Asia than assistance of the kind we have been giving under the Colombo Plan and the United Nations scheme. I think that Canada can play a more important part in the fight against Asian Communism by assistance of this kind than by joining organizations such as SEATO. Also, increased assistance in this field would be a convincing answer to those in Canada

[30] Voir/See Document 217.

who argue that we are not interested in Pacific and Asian affairs because of our reluctance to become associated with regional defence associations in that area.

Something really big and imaginative has to be done in Asia in the social, economic and technical assistance fields if the ground that is being lost because the Communists have been able to identify themselves with nationalism and change, is to be regained.

For the above reasons, I would be glad to take up both the above proposals with the Minister of Finance, and then in Cabinet, but I would like before doing so to have your confirmation of the general approval you gave to the idea the other day.[31]

L.B. PEARSON

393.

DEA/11038-40

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

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

CONFIDENTIAL

[Ottawa], September 16, 1954

NEXT YEAR'S CANADIAN COLOMBO PLAN CONTRIBUTION

You are doubtless considering whether the question of an increase in the Colombo Plan contribution, on which you have consulted the Prime Minister, should be discussed with Mr. Harris before or after he leaves for Washington on September 23 for the Bank and Fund meetings. You are no doubt also considering whether a definite decision by Cabinet should be sought before the end of the Colombo Plan ministerial meetings. There would seem to me to be arguments both for and against an early settlement of this question.

It might well be considered desirable to defer carrying this matter further until after the Colombo Plan meeting when more may be known of the needs of the Asian countries and the Canadian Ministers involved in the meetings might be expected to have a somewhat more sympathetic attitude.

On the other hand, there is a good deal to be said in favour of an early decision. For the purpose of the numerous discussions which Canadian Ministers and officials will inevitably have with visiting representatives during the forthcoming meetings, it would be helpful to know what is in prospect even though we may not intend to give definite commitments at that stage to particular Asian countries which may approach us. Those of your colleagues who will be meeting the visiting Ministers may see some advantage in having an understanding in advance which would permit them to determine how warmly or coolly to receive such requests as may be put to them.

[31] Note marginale :/Marginal note:
Yes L. St.L[aurent]

You may also think it desirable to have an early decision if you feel that the other delegations and the Canadian public would expect some announcement concerning Canada's intentions to be made during (but possibly towards the end of) the ministerial meeting. In this connection it would seem likely that Australia will be announcing an increased contribution in the course of the meeting. New Zealand has already indicated that, although it had found it necessary to limit its original contribution to three years, it is now making provision for a new contribution for the fourth year. It is not known whether other countries will have something to say about their plans for the future.

In view of the fact that this Friday would appear to be about the only day on which you and Mr. Harris might have an opportunity to discuss this subject before the meetings begin, I thought it desirable to remind you of these considerations. On balance I am inclined to think that it would be desirable to have a talk with Mr. Harris at this stage and to secure a decision from Cabinet before the Colombo Plan meetings end. If, of course, you were to find Mr. Harris rather unreceptive at this particular time, you might then consider it undesirable to force the issue and might conclude that further discussion and the final decision by Cabinet might best be deferred.[32]

J[ULES] L[ÉGER]

394. DEA/11038-40

Note du chef de la Direction économique

Memorandum by Head, Economic Division

CONFIDENTIAL [Ottawa], September 13, 1954

COMMENTS CONCERNING THE SELECTION OF COUNTRIES TO BE ASSISTED BY CANADA IN THE FUTURE UNDER THE COLOMBO PLAN

The participation of non-Commonwealth countries is clearly a wholesome feature of the Colombo Plan. A plan which consisted only of Commonwealth countries (and territories) would not have the same significance as a factor in the Asian situation.

2. In recognition of the importance of securing the cooperation of all the countries in South and South-East Asia, not only the U.S. but also several of the Commonwealth countries (i.e. Australia and New Zealand, and, in a sense, the U.K.) have been providing capital aid to non-Commonwealth participants. If Canada continues to confine its aid to Commonwealth countries, we may well appear more royalist than the king (or queen), and we may encourage misunderstandings concerning our motives and concerning the nature of the Plan both in the other Asian countries and in the United States.

[32] Note marginale :/Marginal note:
I will try to see Mr. Harris tomorrow and then decide on the best time to bring this matter up in Cabinet. L.B. P[earson]

3. It may not be possible to determine now in what proportions any increase in Canadian aid should be divided between the old recipients and the newcomers. That determination would doubtless be affected by the relative quality and urgency of the projects which are put forward (e.g. those relating to the Canal Waters dispute in India and Pakistan). It would seem desirable, however, to decide at this stage that in principle the Canadian Government is prepared to contemplate some capital aid to non-Commonwealth countries under the Colombo Plan in the coming year, especially if it proves possible to increase our total contribution significantly.

4. Given the fact that substantial requirements exist in all of the Colombo Plan countries in the Area, the main consideration in selecting, or in determining the order of precedence of, the non-Commonwealth countries to be assisted would seem to be a combination of:

(a) the relative importance of the various countries in maintaining the political stability of the Area; and

(b) the extent to which assistance to particular countries would be likely to maintain and, if possible, increase the public support for the Colombo Plan which is already so widespread in Canada.

5. These criteria may not point directly to — or automatically rule out — any single country. It is clear that Indonesia is an important factor in the political situation in the Area and the interest of the Canadian public in the welfare of the Indonesians is presumably implied in the existence of our diplomatic mission there. At the same time, Burma also has an important political position in South Asia and would seem to be well regarded by sections of the Canadian public. (Not only was she once a member of the Commonwealth, but Canadians have recently served there in positions of prominence under the U.N., and its needs received a considerable amount of attention from members of the Conservative and CCF parties during the recent session of the Parliamentary Committee on External Affairs). The political importance of the Indo-Chinese States at the present time is readily apparent and the presence of a Canadian element in the Supervisory Commissions (in addition to the active part which Canadians have played in the technical assistance operations of some of the U.N. agencies in that area) would seem to reflect — or is likely to lead to — an interest on the part of the Canadian public in the welfare of those countries. Nepal may not be too well known in Canada — except in connection with Everest expeditions — and it may not be large enough to have substantial influence on Asian affairs. Nevertheless, she is in an exposed position and might be more likely than some other countries to go — or be taken — the wrong way in the absence of encouragement from the West. Such a development (as in the case of Tibet) could have fairly widespread demoralizing consequences.

6. If on this score there would seem to be no basis for selection, it would seem desirable to go on to consider the prospects in terms of:

(a) the possibility, in the circumstances of each country, of finding and carrying out projects which are economically sound and will contribute to social betterment;

(b) our ability to provide the *types* of aid which each country is able to use;

(c) the extent to which the *amounts* of aid which we might make available would be likely to make a significant impression in the different countries.

7. With respect to the first of these supplementary criteria the adequacy of the administrative machine in the various countries would obviously be a factor. From this point of view, there may not be much to choose among the countries concerned. It might be noted, however, that in the case of Nepal we might have the benefit of the relatively advanced administration of the Indian Army (at least on the road-building project) and in the case of the other countries we might be able to overcome — or avoid — most of the administrative deficiencies by selecting projects which were not too large or complex (e.g., avoiding counterpart fund ventures or complicated construction projects) or by providing for more detailed technical and administrative supervision by Canadian personnel than has been customary.

8. While in this latter connection the presence of a Canadian diplomatic mission might be of some value, it would appear that, where such detailed supervision was really required, it would be considerably beyond what a mission could supply, and special arrangements would probably be called for whether or not we were represented by a small diplomatic mission in the country concerned.

9. The second criterion would seem to be somewhat more concrete. If we examine the prospective recipients in terms of their ability to absorb the particular kinds of goods which can be procured under the Plan from Canadian sources, Nepal (with its roadbuilding programme) would seem to emerge as a strong candidate on the basis of such information as we have from the various countries so far. Investigation in some of the other countries would, no doubt, also yield projects which could make good use of the kinds of commodities which under present policies we are able to make available.

10. There are, of course, other aspects of the "types of aid" available from Canada which might help in our choice between countries. For one thing, our aid can often be supplied in the French language (a feature of not only our technical assistance but also of descriptions of equipment, supervisory engineering service, etc.). None of the other "donors" is equally well placed in this regard. As a consequence, some of them — and the Indo-Chinese States themselves — might reasonably expect us (and have shown signs that they expect us) to do something in those countries where this is a factor.

11. Another feature of one type of aid which might make us look sympathetically on certain candidates is that our assistance does not create troublesome suspicions or offend national sensibilities; a feature which makes it more difficult for some countries than for others to receive similar assistance from the larger powers. For example, Burma has had difficulty in accepting U.S. aid in view of their differences over the Nationalist Chinese forces. Nepal has had to be careful about U.S. aid because of Indian suspicions, and Indonesia has been worried by the possibility that its position might be — or appear to be — compromised by acceptance of U.S. aid. The fact that those countries have to go very carefully in accepting U.S. aid (and in some cases even have to refuse it) might be regarded as a reason for Canada to go out of its way to do something for them.

12. Concerning the third of the supplementary criteria — i.e., the probable impact of our aid in one or another receiving country — this should presumably be looked

at from both an economic and political (or psychological) point of view. The former is difficult to judge in the absence of fuller knowledge about possible projects. The latter is also hard to assess since it depends partly on the effectiveness of the means of communication or publicity within each country. There might be a presumption that, given the limited amount of our aid, the smaller the country the more marked would be the effects. What might be lost sight of in a big country would loom large in a small one. On this basis, Nepal would obviously lead the list. In Cambodia and Laos, too, a little might go a long way.

13. The presence of a Canadian mission might be a factor in this connection also, although its significance would depend on the importance which we attach to publicity for Canada itself as an aim of our Colombo Plan contribution. If a more important objective is to strengthen the existing friendly regimes, we might feel it desirable for them to get most of the credit, and we might be content with the modest publicity which would come our way even though we had no mission in the country. (In this connection, publicity for New Zealand in the Asian countries which it is helping does not seem to have suffered significantly from the fact that there is no New Zealand diplomatic mission anywhere in the Area.

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14. It may seem regrettable that the application of the various criteria set forth above does not lead to any clear-cut order of priority. This may be inevitable, since at least in the present state of our knowledge there may be no adequate basis for choosing among the various non-Commonwealth countries. Certainly, it would seem that the addition of numerous other standards (even if their validity was not questionable) would be unlikely to advance us further towards a selection. As noted above, the presence or absence of a Canadian mission would scarcely appear to provide an acceptable basis for discriminating among these countries. As has been noted elsewhere, this is a qualification which other countries might be quite willing to meet if it appeared that we were attaching a great deal of importance to it. It would also not seem to be very satisfactory to make the choice merely on the basis of which countries have already made requests to us. (Such a criterion would point in the direction of Burma and Cambodia). A "first come, first served" principle would not appear to be a very rational guide in a matter as important as the distribution of Colombo Plan aid. An examination of the varying degrees of Canadian commercial interests in the different countries would also not seem to carry us very far. While we may have particular interests in some countries, they would not appear to be significant enough to be decisive.

15. In these circumstances, it would not seem to be either wise or practicable to make, or announce, a choice of merely one, or possibly two countries, as new recipients of Canadian Colombo Plan assistance in the coming year, since such a choice can hardly be made on a basis which would be valid from our point of view and would be understandable to all of the non-Commonwealth countries in the Plan. It might do more harm than good to make a selection which appeared to be of an arbitrary character.

16. It has been suggested that to take on more than one new country might give rise to certain difficulties. For instance, if we go that far, other countries outside the Plan might wonder why we could not provide for them as well. This question would seem to have been raised, however, by the mere fact that the non-Commonwealth countries had been admitted to the Colombo Plan in the first place. That action in itself might seem to have provided a basis for the Middle Eastern and Latin American countries to ask why, if those countries were being provided for, it would not be possible for them to receive aid as well. The mere fact that Canada might not follow the example of other donors in the Colombo Plan and extend its aid to non-Commonwealth members would seem unlikely to increase the risk of pressure for aid from outside countries.

17. Another difficulty mentioned has been that the provision of aid to several new countries within the Colombo Plan would increase the strain on our administrative organization. This (like the presence or absence of Canadian diplomatic missions) is a factor which would clearly have to be kept in mind in determining the amount and types of aid to be given to the different countries. It would seem possible, however, to arrange useful assistance programmes of an appropriate kind for several countries without greater administrative difficulties than would be involved in concentrating any increase in our aid on a single country. If, of course, it were to appear later than in order to carry out worthwhile programmes in the various countries (or, for that matter, to execute a larger programme in a single country) there was need to increase and strengthen our administrative organization, that would presumably be something that could be done. This difficulty would not seem to be an insuperable obstacle to the undertaking of whatever kind of aid programme seems most suitable with whatever additional funds the Government and Parliament may decide to make available.

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18. In the light of this discussion, the following might seem to be the best course for us to follow at this stage:

(a) we might recognize that the magnitude of the needs of the non-Commonwealth countries (together with the increasing requirements of Commonwealth countries) would provide adequate justification for any increase in our Colombo Plan contribution which is likely to be practicable in the coming year;

(b) we might agree that, in principle, there would be no objection to the consideration of projects put forward by any non-Commonwealth members of the Colombo Plan and that it might be desirable in certain cases for us to take the initiative in investigating the possibilities of providing useful aid to particular countries;

(c) we might defer a decision as to precisely which Commonwealth countries might be helped and in what amounts;

(d) at the forthcoming Colombo Plan meeting:

(i) any reference to the possibility of an increased Canadian contribution, in the light of such decisions as the Government may have made by then, should be in

pretty general terms and without too clear an indication as to whether or not our aid in the future would extend beyond the present recipients;

(ii) the Canadian delegation might adopt a cautious attitude towards any requests that are made and might be careful to warn any applicants that the mere receipt of such requests does not imply that aid will be forthcoming, since all such requests will have to be investigated thoroughly from the technical, administrative and supply points of view and determinations will have to be made in the light of the limitations on our resources and of the competing requests submitted by others;

(iii) we might explore informally but as thoroughly as possible with the Nepalese and Cambodian delegations the projects which they have already submitted (although in the latter case we might be at particular pains to point out that the whole question of the provision of capital aid to any of the Associated States of Indo-China will have to be looked at in the light of our participation in the Supervisory Commissions as well as in the light of the other considerations mentioned above);

(iv) we might endeavour to secure some clear indication from the Indonesian delegation of the types of capital aid which they might seek from Canada, and we might make some arrangements for further non-committal discussions with the Indonesians in Djakarta;

(v) we might await some indication from the Burmese of the kind of aid which they feel could usefully come from Canada (e.g., assistance in the health field which was referred to in the House of Commons Committee on External Affairs and possible assistance in connection with an aerial survey which one of their delegates was to discuss with the Canadian authorities as a Burmese Government-financed project if he had not been killed in the Shannon air crash;

(e) subsequently arrangements might be made for exploratory visits by Mr. Cavell or other members of his administration (accompanied by such officials of other Canadian Government Departments as may be appropriate) to some or all of the countries where it then appears that we may be able to do some really useful work.

[A.E. RITCHIE]

395. DEA/11038-40

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

Memorandum from Under-Secretary of State for External Affairs to Prime Minister

CONFIDENTIAL [Ottawa], September 21, 1954

NEXT YEAR'S CANADIAN CONTRIBUTION UNDER THE COLOMBO PLAN

As you know, a memorandum is being submitted at an early meeting of Cabinet concerning possible Canadian contributions to various United Nations programmes including United Nations technical assistance to under-developed countries. You

may consider that in connection with that memorandum some mention should be made of the somewhat related question of the size of our contribution under the Colombo Plan in 1955-56. You may also feel that, in any event, it would be useful to have a decision concerning our Colombo Plan contribution while the Consultative Committee is meeting in Ottawa.

You are familiar with Mr. Pearson's views on this subject as a result of the exchange which you have had with him during the past few days and I understand that you are in general agreement with his proposal that our contribution should be increased by some $10 million in the coming year. If Mr. Pearson is not able to be present at the Cabinet meeting at which these matters are to be discussed, you may feel that you yourself should raise the question of increasing our Colombo Plan contribution since Mr. Pearson has not had an opportunity to discuss the subject with Mr. Harris or his other Ministerial colleagues. I am therefore attaching a copy of the memorandum which Mr. Pearson sent to you on September 9 together with copies of notes setting forth the considerations which point in the direction of an increased Canadian contribution.[33]

JULES LÉGER

396. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], October 6, 1954

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CONSULTATIVE COMMITTEE FOR ECONOMIC DEVELOPMENT IN SOUTH AND SOUTH-EAST ASIA; REPORT ON CURRENT MEETING

19. *The Minister of Fisheries* said that, apart from meeting delegates properly on arrival in Ottawa, the general arrangements for the Colombo Plan Conference were excellent.[34] The meetings appeared to have gone well and the Asians were particularly gratified with the reception they had received. All delegates were looking forward to the tours of Canada which they were going to make. At the ministerial talks it had been agreed to admit Thailand and Japan, the former as a recipient and the latter as a donor country. There had been no difficulty over Thailand. The principal reason for that country not becoming a member of the organization thus far was that there was no need to join because of the large amount of assistance received from the United States. However, now that all the South-east Asian countries had agreed to become members, Thailand felt that she should no longer stay out. Burma and Indonesia had some objections to Japan's admission, having in mind the brutalities that had occurred during the war and reparations problems

[33] Ces notes reproduisent les sous-alinéas a) à i) de l'alinéa 10 de la pièce jointe au document 390./These notes reproduce paragraph 10, sub-paragraphs (a) to (i) of the enclosure to Document 390.

[34] Voir/See Document 409.

which had not yet been settled. However, they eventually had agreed that Japan be admitted. In this connection, some Asian nations were concerned lest the provision of technical assistance by Japan for fishing might lead to the appearance of Japanese fishing fleets near their shores.

The question of raising Canada's annual contributions had still to be settled. This however was related to the question of giving aid to countries not in the Commonwealth and to the renewal of the Colombo Plan beyond its present life of six years.

20. *The Minister of Finance* added that it seemed possible that any statement on increased contributions could be postponed for the present. The plan had two years to run, although many projects would probably not be completed within that period. The question of renewal of the plan, therefore, would not come up until next year. He himself opposed an increase in contributions at this time. While it was true that Pakistan and Ceylon were in difficulties, the position of other countries had improved. No country at the conference had indicated that its contributions would be increased, although some had said that the rate of spending from amounts already committed would go up. The full $25 million donated by Canada for the current year and approximately $8 million from the past still remained to be spent.

21. *In the course of discussion* the following points emerged:

(a) Difficulties had arisen in connection with a cement plant in Pakistan and, if these were to be overcome, Canada might have to exercise stricter financial control of the project. It might also be necessary to devote another $1 million to it perhaps from counterpart funds. Ceylon's financial position was weak and there was a requirement for capital assistance so that the fullest possible use could be made of aid already given to that country under the Plan. While it would be desirable to provide aid in Indonesia and Indo-China, plans for projects in these countries were not very far advanced.

(b) Insofar as the question of increasing contributions was concerned, Canada might take the position at the meeting that $33 million was available to be spent and that the government had an open mind as to what its future contribution under the Plan might be. In any event, the question of continuing the Plan would not be settled until the following year.

22. *The Cabinet* noted the reports of the Ministers of Finance and Fisheries on the current meeting of the Consultative Committee for Economic Development in South and South-east Asia, and deferred decision on the question of increasing the Canadian contribution for capital aid and technical assistance.

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397. DEA/11038-40

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

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

CONFIDENTIAL [Ottawa], October 13, 1954

NEXT YEAR'S COLOMBO PLAN CONTRIBUTION

In connection with any conversations which you may be having on this subject with Mr. Harris (or in Cabinet) over the next few days, you may wish to have at hand the attached statement which Mr. Sinclair made in the Consultative Committee on behalf of the Canadian Delegation. Paragraph 14 deals with the question of the contribution which Canada might make in the coming year. This statement was approved by Mr. Harris and is understood to be in line with the tentative conclusion reached by Cabinet on October 6.

Presumably, in concluding that any decision to increase Canada's contribution should be deferred, Cabinet was moved either by the fact that the budgetary prospects were too unclear or by some judgement that the needs of the Asian countries for increased assistance were not yet apparent.

While it may not be possible now (or even in the future) to catalogue the essential requirements of the Asian members of the Colombo Plan in detail, it would seem evident that the need for outside aid is greater than it has been in the past if the development programmes are to maintain their momentum and if a reasonable degree of stability is to be achieved. With respect to our own contribution this is all the more true if allowance is made for the desirability of our doing something for those Asian members of the Plan whom we have not been helping in the past.

It is understood that Mr. Harris returned from the Washington meetings of the Bank and the Fund with the impression that India's need for external aid had diminished or disappeared entirely. It is to be hoped that the statement which Mr. Deshmukh made to the Colombo Plan Consultative Committee here will have corrected Mr. Harris' apparent misconception on this point. As Mr. Deshmukh observed: "If anyone asked the question, what would you do if there were no foreign assistance available, our answer could only be 'Well, we will get on as best as we can', but it simply means that instead of aiming at doubling the national income in 20 years we may have to aim at doubling it in 40 years." In view of the very low living standard which even a doubling of the Indian national income over a twenty-year period would permit, it would seem clear that Mr. Deshmukh could hardly have intended to suggest that India did not seriously need outside help.

To the extent that the discussion in Cabinet was influenced by Canada's uncertain — or even unpromising — revenue and expenditure prospects for the immediate future, it would be hard for this Department to question the judgement of the Department of Finance. If, however, you would be prepared to contemplate that an increase in our Colombo Plan contribution might be accompanied by a reduction in

the amount which would otherwise be spent on mutual aid next year — as you suggested in your memorandum to the Prime Minister — it would not appear that such an increased contribution would worsen the budgetary outlook.

The reference in Mr. Sinclair's statement, and apparently in some of Mr. Harris' press interviews, to the fact that over $32 million of the money voted in previous years is still unspent would seem to be of limited significance in relation to the question of how much money we should provide next year. By far the larger part of this unspent balance has already been committed or is under active negotiations and cannot therefore be regarded as available for new projects. Unless more than $25 million is appropriated next year it will not be possible to programme for significantly more than that amount.

I do not know whether you would think it worthwhile to press for a more definite decision at this stage regarding the size of next year's contribution. From both the External Affairs and the Finance points of view it might be doubted that a continuation of the present uncertainty is very satisfactory, even though there may be an implied willingness to consider raising the contribution later in the year if that appears warranted. If the other Colombo Plan countries (and particularly those non-Commonwealth countries which are not now receiving any aid from us) assume from Mr. Sinclair's statement that our contribution next year will be the same as in the current year, they may come to the conclusion that we have closed the door on them entirely. Alternatively, if the matter is left indefinite, but with some intimations such as those contained in paragraph 14 of Mr. Sinclair's statement and in certain oral remarks made by the Prime Minister and Mr. Harris, those countries may think that we are prepared to contemplate a larger increase than would be realistic in practice. In other words, indefiniteness may seem equivalent to an almost open-ended commitment. Such a situation could easily lead to serious disappointments and misunderstandings and might give rise to questions concerning our good faith.

Administratively, we also have difficulty in seeing how an arrangement of the kind apparently envisaged in the Cabinet discussion could be made to work efficiently. Would we be expected to go about looking for good projects or would the intention be that we should merely consider such projects as may come to us? The former procedure would be hard to keep in bounds if the amount of available funds was not known and the latter, rather haphazard approach, would scarcely be likely to produce the best projects from our point of view.

As indicated in an earlier memorandum, it would appear to be tidier and more satisfactory for the Government to settle now on what it regards as a reasonable figure and then to proceed methodically within that amount to select over the next few months the countries and projects which might most advantageously be helped by us. For these purposes an increase of some $10 million (possibly at the expense of an equivalent amount of mutual aid) would seem to provide a basis for an effective programme next year.

I am attaching some brief notes† setting forth certain considerations with which you are already familiar which point in the direction of an increase in Canada's contribution under the Colombo Plan in 1955-56.

J[ULES] L[ÉGER]

[PIÈCE JOINTE/ENCLOSURE]

Déclaration du ministre des Pêcheries

Statement by Minister of Fisheries

CONFIDENTIAL

INTRODUCING THE CANADIAN SECTION OF THE CONTRIBUTIONS CHAPTER ON OCTOBER 6, 1954

1. At the meeting in New Delhi last year, where we enjoyed the very warm hospitality of our Indian colleagues, I had the privilege of introducing the Canadian section of this chapter. I also had the pleasure of inviting the members to Canada for the next meeting, and am happy now to see the largest and most representative gathering of the Colombo Plan here in our national capital.

2. Before I left for New Delhi last fall, Prime Minister St. Laurent told me to spend some time in South and South-East Asia after the meetings, to learn first hand some of the problems of the area. My wife and I spent almost three months out there, visited almost every country in the Plan, were warmly received and given every opportunity to meet the leaders of the countries and see their programs of development. It was a wonderful experience, and has helped me tell our people in Canada of the problems of Asia, and the great efforts your peoples are making to conquer the problems.

3. When this meeting is over Prime Minister St. Laurent hopes that as many of the delegates as possible will similarly accept our hospitality and see a cross section of our country. We have as you know, arranged a train tour of Central Canada immediately after these meetings, followed by a choice of a plane tour of Eastern and Northern Quebec or a train tour to our four Western provinces, finishing off in Vancouver on October 23rd. This will give you who have come a long way a chance to see some of the developments in our country. It will also give our Canadians, farmers, fishermen, miners, loggers, factory workers, professional men and business men, a chance to meet you, our partners in the Colombo Plan.

4. At the present time our people are busy developing our own national resources and building a more varied economy out of what was primarily an agricultural country. The scale of development activity in Canada today is demonstrated by the fact that last year nearly 25% of our gross national product was devoted to capital investment. Although it may be considered that we are proceeding with our economic expansion under relatively favourable conditions, we do, I think, know something of the problems that a country faces in rapidly developing and widely expanding and diversifying its economy.

5. In the history of our economic development, private enterprise has played a key role. I would like to associate myself fully with the comments made on Monday by the leaders of other delegations and particularly by the distinguished delegate from the United States, about the need to mobilize existing resources of private capital — both domestic and foreign — for the benefit of the countries of South and South-East Asia. At the same time, all of us represented here have recognized that external aid from other sources is required if the development of the area is to go forward satisfactorily. Since 1950 when the Plan first came into being, the Canadian Government has recognized this need, and has provided a programme of aid each year.

6. At this stage I shall make a few brief comments to supplement what has been said in Chapter XI about Canadian participation in the Colombo Plan programme. I recall the remark of Lord Reading that in our mutual undertakings we have no master plan and that the Colombo Plan is a series of partnerships into which governments have entered freely. For over four years now, Canada has been participating in a stimulating and rewarding series of such partnerships, and the experiences which we have shared with our Asian colleagues have helped us to improve our methods of co-operation. We consider that a very useful part of these Colombo Plan meetings is the opportunity we all have, outside of formal Committee meetings, to smooth out what is of necessity a series of complicated and detailed co-operative undertakings.

7. We all agree that the funds which are made available should be applied in the most efficient manner. It is very encouraging to see that our members are planning their projects with increasing care and thoroughness. We are glad to find that the proposals which are submitted to us are being presented in greater detail and with indications that the related administrative and financial arrangements in the country concerned are being carefully studied. This preparatory work makes it easier for both parties to act effectively on projects which are up for consideration.

8. We are also interested in the participation of other agencies or other countries in any project which is proposed. I think all of us recognize the need for effective co-ordination of all the aid that can be supplied. This co-ordination must be essentially the responsibility of the Asian Governments. The countries supplying aid can achieve only a limited amount of co-ordination, outside of the area where the aid is being applied. The most effective consultation can be brought about in the capitals of the Asian countries where all those providing aid — whether governments or other agencies — normally have representatives. We would hope that such co-operation to determine the best use of available external resources will be encouraged.

9. The composition of Canadian aid has varied from time to time. In the past we have not excluded the provision of commodities. Where commodities are requested, we would naturally like to be sure that there are facilities within the country for fabricating or processing such commodities and that the finished product can be used in the economic development programme of that country. Since these commodities generate counterpart funds — and that is one of the important reasons we find for supplying them — they are most helpful to those countries which are finding difficulty in financing the internal costs of essential projects.

10. In connection with this whole question of commodity assistance, we appreciate that some countries are faced with the problem of disposing of surpluses. It is a problem which we have here too. However, it would seem reasonable to suggest that where commodities are provided — whether they be surplus or not — the aims of the Colombo Plan are best served if such commodities are provided in a manner which will ensure that local production of similar commodities in the recipient countries is not disturbed, and that the interests of other nations normally supplying the area — and on which the area may have to rely in the future — are also safeguarded. In that connection it was most reassuring to hear the remarks of the U.S. Delegate so far as their intentions and policies in this respect are concerned.

11. It is thought that the bulk of Canadian aid should take the form of capital equipment. In Canada we produce a wide range of equipment required for many of the economic development projects in South and South-East Asia. It would therefore seem that we can make an effective contribution in this form to the economic progress of Asia. Moreover, through the provision of equipment, Canadian industry and the Canadian people can be intimately associated with the industry and enterprise of their partners in South and South-East Asia. We have not, however, been rigid in this attitude, and on occasion there has been some procurement of equipment from outside sources for our programme, where such equipment was needed to complete a project in which Canada was substantially involved.

12. So far, my comments have been largely directed to the provision of capital aid. We share fully what has been said by Mr. Casey and other delegations about the importance of technical assistance and we are equally anxious that our mutual techniques and working methods in this important field should be constantly improved. During the meeting of officials, the Canadian delegate commented at some length about our Canadian technical assistance programme, and I do not wish to go over the same ground. Under the Colombo Plan Technical Co-operation Scheme we have provided considerable technical assistance in various forms to most of the countries in the area. We are learning with experience, and we would hope that this part of our programme will also become increasingly effective.

13. We are a bilingual country, and our French-speaking Canadians have naturally a special interest in the development of Laos, Cambodia and Viet Nam. Because of this, we can provide, more easily than other countries, as Mr. Casey has mentioned this afternoon, personnel for technical assistance who will not have a language handicap.

14. In conclusion Mr. Chairman, it is not possible for us, at the present moment, to be precise about the total contribution for capital aid and technical assistance which Canada might reasonably expect to make to the Colombo Plan in future years. In the last four years our Parliament has voted over one hundred and two million dollars for the Plan. In the early years it was not possible to spend all the money assigned for capital aid, because the necessary preparatory engineering work had not been done. More rapid progress has been made in the last year, but at present there is still over 32 million dollars of the money voted unspent — some of it to cover projects in progress and some which will be allotted to projects now under discussion. If the welcome expansion of the area of our operations does result in

need for increased assistance, I can assure you that the Government of Canada will give the matter the most careful consideration. In this attitude I am glad to tell you that we have the support of opposition parties in our Parliament, our farmer's organizations, and our labour unions.

398. DEA/11038-40

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

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

CONFIDENTIAL [Ottawa], October 13, 1954

RELATIONSHIP BETWEEN THE CANADIAN AND OTHER CONTRIBUTIONS UNDER THE COLOMBO PLAN

It is possible that Mr. Harris may suggest that our contribution under the Colombo Plan is already relatively high in comparison with the contributions of other countries. It might be questioned whether this is in fact the case.

We are only doing about two and a half times as much as the Australians or rather less than that if allowance is made for our relatively higher prices. We are only doing eight times as much as the New Zealanders who are more liberal than we are in the sense that they are allowing their contribution to be spent outside their country. Thus, in comparison with these two countries, our effort is probably less than might be expected on the basis of either national income or population.

The United States is doing more than ten times as much as we are under the Colombo Plan. Since we are concentrating pretty well on the Colombo Plan while the United States is providing economic and military aid through other channels as well both in Asia and in many other parts of the world, it can hardly be represented that we are carrying a disproportionate share of the load under the Colombo Plan.

It is difficult to compare our contribution with that of the United Kingdom in view of the variety of forms which U.K. assistance takes. Most of the United Kingdom "contribution" is represented by Government loans to Pakistan, private loans from the London market and a considerable amount of technical assistance. It might well be argued that despite its continuing financial difficulties the United Kingdom should be doing more, especially in view of recent improvements in the U.K. position. Against this, it has to be recognized that an increase in the United Kingdom contribution might delay — or be used as an excuse for delaying — the further moves towards freer trade and payments in which Canada is so interested. Even if the United Kingdom is doing less than it should be, that would hardly seem to be a reason for us to hold back on our contribution.

Probably of more importance than any of these comparisons in determining the right size for our contribution is the fact that the Asian countries themselves, with their severely limited resources, are financing over 80% of their development programmes. If account is taken of the very much lower prices prevailing in Asian

countries, if may well be that in real terms (as distinct from money terms) they are carrying more than 90% of the load. This situation would seem to justify an increase in external assistance, from Canada as well as from other countries.

M. WERSHOF
for Under-Secretary of State
for External Affairs

399. DEA/11038-40

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

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

CONFIDENTIAL [Ottawa], November 29, 1954

NEXT YEAR'S COLOMBO PLAN CONTRIBUTION

In the following paragraphs an attempt has been made to set down the various considerations affecting the decision regarding the size of our contribution next year. You may wish to have these points in mind in connection with the discussion of this subject in Cabinet on Wednesday of this week and you may wish to consider whether a memorandum on these lines (with or without the annexe)† should be submitted to Cabinet in advance of that meeting.

A decision concerning the size of the Canadian contribution under the Colombo Plan for 1955-56 is required as a matter of some urgency, if officials are to be in a position to work out an effective programme for the coming year and if the Asian governments are to have an indication of the amount of help which they can expect to receive. Such an early decision would appear to be required both in the interest of ensuring the best use of such funds as are made available and in fairness to the Asian countries which are uncertain about the amount of assistance which they can anticipate from Canada. (In this connection, it might be noted that the Colombo Plan Administrator intends to visit South and South-east Asia early in January to inspect existing projects and to examine with the Asian authorities the new projects which might be undertaken next year.)

It is probably unnecessary to re-state the general justification for Canadian assistance to South and South-east Asia. It seems evident that such assistance, if reasonably well managed, can have beneficial economic and political effects for Canada over the years out of proportion to the amount of money involved. The cumulative effects of the development programmes which we are able to assist can contribute substantially to the raising of living standards, the strengthening of national economies and the countering of unrest in the friendly Asian countries. The aid which Canada has so far provided has already had significant consequences even though

much of it has gone into longer term projects which cannot be expected to have their full effects for some time to come.

This year there would seem to be very strong reasons for considering an increase in Canada's contribution. Some of the considerations favouring such an increase are set forth below.

In order to maintain the present rate of development (which is certainly no more than adequate in relation to needs and to the progress being made in neighbouring countries associated with the Soviet Bloc) it will be necessary for the Asian countries themselves to devote substantially more of their limited resources to their economic development programmes. It would appear that their expenditures may have to increase by some 30% over the level for the previous year. These heavier expenditures will have to be made at a time when few of the development projects undertaken in the past will have reached the point at which substantial returns will have started to come in. There are economic and political limitations to what these countries can do for themselves in the present situation. On the most optimistic forecast of the external aid which can be expected the countries of Asia will be called on to finance from their own resources about 80% of the total costs of their programmes. In these circumstances, it would seem fair and prudent for the friendly countries of the West to increase the amount of their assistance.

While in the nature of the capital projects in which Canada is involved there will be some unspent funds carried over from previous years, virtually all of these funds have already been committed to projects in past programmes and have been taken into account by the Asian Governments in their calculations for earlier years. The size of our programme for next year will therefore depend almost entirely on the amount of new money secured from Parliament. An increase in the amount of our assistance can be brought about only by an increase in the Colombo Plan vote.

On the basis of proposals already put forward (which are referred to at some length in the annexe) it would seem evident that if the amount of money were to be limited to the figure of last year Canada would have to turn down many projects capable of contributing effectively to the improvement of the longer term prospects even for the three countries to which we have been providing aid in the past; in fact, in the case of Pakistan we would be unable to take on any new projects of any size. With respect to those three countries present indications are that in addition to equipment for specific projects (which could readily absorb the whole of an appropriation on the present scale), it would be desirable to provide some suitable commodity aid (e.g. aluminum and copper) in order to assist those governments in raising the large amounts of local funds which will be required to carry on sound projects in which we are already directly involved. The requirements of these countries for the kind of aid which Canada has available would themselves appear to warrant an increase in our contribution.

In addition to the needs of India, Pakistan and Ceylon it would seem desirable to make some allowance for the fact that several non-Commonwealth countries in Asia are now members of the Colombo Plan and might reasonably expect a certain amount of assistance from Canada. In view of the fact that the inclusion of these countries in the Colombo Plan accounts in part for its significance as a factor in the

present Asian situation, it might be advisable for Canada to provide a limited amount of capital assistance to them (as Australia and New Zealand as well as the United States are now doing). The recent Consultative Committee Meeting showed that Indonesia, Burma, Nepal and the Associated States of Indo-China all have very substantial needs. While it is not possible to say precisely which projects might best be helped until the completion of investigations which cannot be readily undertaken before a decision has been reached regarding the funds available, there would seem to be no doubt that considerable amounts of aid could be usefully provided to sound projects in those countries. In view of the great political importance of several of these countries it would seem most desirable to make some provision for assisting them with projects which are determined to be worthwhile. Such assistance would almost certainly require capital aid and equipment as well as the advice of technicians.

An increase in Canadian aid would seem to be in keeping with the new emphasis which the United States Government is placing on economic assistance to Asia. In addition to the statements made by Mr. Stassen and Mr. Waugh at the Consultative Committee Meeting, it has recently been reported that President Eisenhower has instructed Mr. Dodge to carry through a comprehensive review of the Government's economic security policies with particular reference to Asia. Mr. Dodge's terms of reference would appear to indicate that the U.S. Government is convinced that in a period of what it regards as "competitive co-existence" the free nations must demonstrate their capacity to raise living standards in the under-developed areas more effectively than the totalitarian countries. Any such increase in United States activity in Asia (which would probably be undertaken through the Colombo Plan in some manner) would appear to make it all the more important that Canada should also provide substantial aid. For some countries, the receipt of assistance from Canada or other donors who might be less suspect than the United States would make it politically easier to accept aid from the United States. In this sense Canadian aid could be helpful in enabling the United States to carry out any more ambitious programme of assistance on which it may embark. Generally, Canadian aid would assume increased importance in such a situation in helping to avoid the impression that the United States was dominating the Colombo Plan. Canada's decision not to take part in South-east Asia defence organization would also appear to be a related reason for increasing the contribution which we can make to the stability of South and South-east Asia through the Colombo Plan.

An increase in our Colombo Plan contribution would also seem to have a bearing on our position in NATO and in the United Nations. There may be some reduction in our Mutual Aid under NATO during the coming year. Such a reduction (which incidentally would make it less difficult to finance a larger Colombo Plan effort) would probably be more readily understood by, and more acceptable to, our NATO partners if it were apparent that we were at the same time making an increased contribution towards the improvement of economic conditions in a part of the world which they recognize as strategically and politically critical. This increased contribution might also help us to take a more effective part in the discussion of various economic questions in the United Nations (e.g. on the proposed Special United Nations Fund for Economic Development).

The fact that we were increasing our help to the Asian countries might also, incidentally, have a wholesome effect on the attitude of those countries towards the position which we may be taking in other discussions, for example, in the current review session of the Contracting Parties to the General Agreement on Tariffs and Trade.

In any consideration of the desirability of increasing the provision of capital equipment or materials under the Colombo Plan, it will be appreciated that such an increase would have desirable consequences for employment in various industries and localities in Canada.

With respect to the technical assistance portion of our Colombo Plan operation it would seem clear that, especially in view of the commitments to be carried forward from the current year, more money will be necessary if even the present scale of these activities is not to be curtailed next year.

Finally, a larger appropriation for both capital and technical assistance would seem to be in line with the increasingly active support which the Canadian public is showing for the Colombo Plan.

An indication of the commitments which have already been undertaken, and of some of the projects which might be taken on next year, is given in the annexe to this memorandum.

In the light of these various factors I would recommend that the Canadian contribution for 1955-56 should be increased by 10 million dollars to a total of 35.4 million dollars.

J[ULES] L[ÉGER]

400.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], December 1, 1954

...

COLOMBO PLAN; CANADIAN CONTRIBUTION 1955-56

49. *The Secretary of State for External Affairs*, referring to discussion at the meeting of October 6th, 1954, said that he, and the Minister of Finance, had considered further the question of what the size of the contribution to the Colombo Plan might be for the next fiscal year. He now wished to recommend that there be no change in the amount for capital aid but that an additional $1 million be provided for technical assistance. At the next meeting of the Consultative Committee the future of the Plan would be reviewed. Meanwhile, Canadian authorities should consider their attitude towards it and what the programme after the first 6-year period should be. The countries recently admitted to the Plan would not be in a position to spend capital that might be made available to them in the forthcoming year, but the full $25 million for 1955-56 could usefully be spent in India, Pakistan and Ceylon.

Countries newly associated with the Plan would, however, be able to take advantage of technical assistance and advice which they needed urgently.

50. *In the course of discussion*, it was pointed out that unemployment was causing anxiety in certain Canadian centres, but even so, it was doubtful if any exception would be taken to additional provision for technical assistance. The money already spent under the Plan had not only helped the receiving countries but had been of direct benefit to communities in Canada where goods had been purchased to implement the Plan.

51. *The Cabinet* noted the report of the Secretary of State for External Affairs on the Colombo Plan and agreed that the total Canadian contribution for the fiscal year 1955-56 be increased by $1 million to provide for further technical assistance.

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SECTION B

RÉUNION DU COMITÉ CONSULTATIF DU COMMONWEALTH SUR L'ASIE DU SUD-EST, OTTAWA, 20 SEPTEMBRE - 9 OCTOBRE 1954
MEETING OF THE COMMONWEALTH CONSULTATIVE COMMITTEE FOR SOUTH-EAST ASIA, OTTAWA, SEPTEMBER 20 - OCTOBER 9, 1954

SUBDIVISION I/SUB-SECTION I

AFFILIATION DU JAPON
MEMBERSHIP OF JAPAN

401. DEA/11038-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur au Japon

Secretary of State for External Affairs to Ambassador in Japan

DESPATCH E-414 Ottawa, May 31, 1954

SECRET

Reference: Your despatch No. 340 of April 7, 1954.†

JAPANESE ASSOCIATION WITH THE COLOMBO PLAN

The question of Japanese association with the Colombo Plan has been in the minds of Canadian officials and the thoughtful review presented in your despatch has proven most useful.

2. When the question of an observer status for Japan was informally broached prior to the meeting of the Consultative Committee last September, the reaction amongst the delegates to that conference took three forms. Some of the Asian delegations, Indonesia in particular, were concerned that if Japan were admitted a pre-

cedent would be created that might make the admission of other countries likely. The possibility that France and the Netherlands might ask to be considered for membership apparently influenced the Asian members. (Moreover, it would create considerable difficulty for Canada if either Communist or Nationalist China were to seek membership on the basis of Japanese participation in the Plan). The Australian (and to some extent the New Zealand) delegation appeared to be very much opposed to the idea of Japan's membership and indicated that they would formally oppose the motion if it were put to the meeting. The third general reaction was that of the United Kingdom (and also, generally speaking, of Canada) that if the Asian countries wished Japan to become a member the request should be considered sympathetically. Japan was undoubtedly aware of these attitudes and as a result the question of her membership was never formally raised.

3. It is doubtful whether it would be advisable for Canada at this time to take the initiative in sponsoring Japan's membership in the Colombo Plan. As you point out in your despatch, cogent arguments can be made for sympathetic consideration of Japan's economic problems. Japan's admission to the Colombo Plan can be viewed from two aspects — as a potential recipient or provider of capital and technical assistance. I am not sure that your suggestion put forward in paragraph 8 that Japan might participate as a receiving nation is in line with the policy that Japan has been following over the last few years. As we understand it, Japan has consistently emphasized that in South and South-East Asia she is capable of providing technical assistance gratuitously and capital goods at a competitive price. This thinking was recently reiterated by Mr. Onta, the Japanese representative at the Tenth Session of the Economic Commission for Asia and the Far East. It is doubtful if Japan would properly qualify for aid under the original concepts of the Colombo Plan, which related to *under-developed* countries in *South and South-East Asia*. I should think that some of the "sound projects" in Japan which require capital might be the type of proposal which would interest the International Bank or some other agency interested in projects which are of a clear commercial nature. In terms of technical assistance, it is useful to remember that training and other facilities are open to the Japanese under the various United Nations programmes.

4. When you speak of her need to trade, we believe that you have hit upon the real reason for any Japanese desire to join the Plan. It is our view that trade considerations bulk large in Japanese interests in the Plan. It seems likely that she would wish to provide technical assistance and capital goods to countries in the Colombo Plan area and hopes that at least the latter might be financed out of funds made available for off-shore purchasing by other contributing countries. There is no assurance that formal membership in the Plan could be expected to further these objectives to any appreciable extent. Without belonging to the Plan, the Japanese are already providing technical assistance and are supplying some equipment at the United States' expense (as are Belgium, Italy and several other non-member countries). The Japanese are not at a disadvantage with the other countries in the area since most of the information exchanged at the Consultative Committee is eventually made public in the Progress Report.

5. It is unlikely that the attitudes of the other members of the Colombo Plan toward Japanese participation have changed substantially since last year's meeting

in New Delhi. Under these circumstances it would hardly be appropriate for us as host government to offer encouragement to the Japanese concerning their participation. If you agree, perhaps this line might be adopted if the Japanese authorities should formally approach you. You might indicate that the matter would have to be referred to Ottawa for instructions and that in all probability, in our position as host government, we would have to refer any Japanese application to the other member governments for their comments. When these had been received it would no doubt be clear to us whether or not it would be appropriate to extend an invitation to the Japanese to attend the Ottawa meeting.

6. You have advanced the suggestion that Colombo Plan capital assistance to approved projects in Japan would set an example to the United States and you hint that you have some doubts about both the purposes and efficacy of United States economic aid to Japan. We are inclined to think that we in Canada should be particularly careful about impugning the objectives of United States international policies and aid programmes lest we add to the great amount of misunderstanding that exists abroad on this subject. When one reviews United States economic aid policy toward Japan over the past eight and a half years and considers the broad generosity of the American approach one cannot but feel that it has been generally helpful. We think this broad motivation still basically underlies the United States approach and that individual current programmes should be viewed against this background.

7. We have no desire to close the door on the question of Japanese participation in the Colombo Plan and we agree that we should not be unduly influenced by the prejudices of other countries. There is an impressing awareness in Canada, to which you have made an important contribution, of the economic problems which face Japan. We have not been unsympathetic in our approach to these problems; for example, our attitude at GATT should assure the Japanese that we are not unmindful of their needs. Nevertheless, for the moment it is not clear that Japan's participation in the Colombo Plan could be reconciled with the basic aspirations of the Plan. It would appear inadvisable for Canada to underwrite any proposal which might result in a weakening of our ties with the other free countries of South-Eastern Asia which we have worked so carefully to create through the medium of the Colombo Plan.

8. While it might not be advisable for us to assume any initiative at this moment, we would appreciate being kept informed of any further developments on this question.

R.M. MACDONNELL
for Secretary of State
for External Affairs

402. DEA/11038-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1285 Washington, July 21, 1954

CONFIDENTIAL

COLOMBO PLAN — JAPANESE MEMBERSHIP

In the course of a meeting on Colombo Plan matters with Emerson Ross and other officials of the State Department and the Foreign Operations Administration, Ross raised the question of the possible inclusion of Japan in Colombo Plan activities. He said the United States would welcome Japanese participation in the Colombo Plan, possibly with observer status, on both political and economic grounds.

2. We were told that the Japanese Government has already made known to the United States Government its interest in being invited to the forthcoming Consultative Committee meetings in Ottawa. From the political point of view Japan's interest is simple and straight-forward — the desire for closer association with other Asian states. We understand that the Japanese Government requested an invitation to the last meetings of the Council in New Delhi and was somewhat puzzled when that request was turned down. The United States Government believes that it would serve a good purpose if Japan could be associated with other Asian states in as many international organizations as possible. From the economic point of view Japan's interest is long-term rather than immediate. If Japan were to be invited to participate in the Colombo Plan at the moment it might not be possible to classify her as either a recipient or a donor country. However, in the course of association with the Colombo Plan opportunities might arise for Japanese action which would serve not only the objectives of the plan but also Japan's economic interests.

3. Ross said that while, in any event, the State Department would have wished to discuss the matter of Japanese participation in the Colombo Plan with Canadian authorities, the fact that Canada was to play host this year to the Committee meetings made consultation even more necessary. It is our understanding that the matter has not been discussed with any other Colombo Plan country. The hope was expressed that you could give your early consideration to the subject since, in the event that you might look favourably on Japanese participation in the forthcoming Committee meetings, the time for additional consultation with other Colombo Plan countries would be relatively short.

4. The conversation then turned to the possible procedures which might be followed in arranging for Japanese participation in the Colombo Plan. Ross said that the United States would prefer Asian sponsorship of the Japanese request and seemed to think that that could be arranged easily if there was general agreement on the desirability of the Japanese association. It was obvious that the United States

authorities would prefer to have the matter settled before the forthcoming meetings so that Japan could attend those meetings in whatever status was decided upon. Mention was made, however, of the possibility that the matter could be explored prior to the meetings and, if there was general agreement on the desirability of Japan's participation, the matter could be put on the agenda for formal consideration and action. We tentatively suggested a somewhat more direct approach by way of the Council for Technical Co-operation. Since Japan was likely to fit the role of a donor country, so far as the extension of technical assistance was concerned, we suggested that it might be possible for her to request full membership in the Council. Observer status in the Consultative Committee would not, we thought, be difficult to arrange in these circumstances. The application for full membership in the Council for Technical Assistance might either be made directly by the Japanese Government itself or might be sponsored by some other Asian state.

5. We are inclined to regard the United States view with respect to the closer association of Japan with the Colombo Plan favourably, but we said nothing at the meeting which would prejudice any views which you might wish to put to the State Department. We would be grateful if you could consider this matter with some degree of urgency. It is obvious that before any final decision is reached the views of other Colombo Plan countries will have to be sought but at this juncture I am certain that the State Department would welcome receipt of Canadian views as soon as possible.

403. DEA/11038-40

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

Secretary of State for External Affairs to Ambassador in United States

DESPATCH E-948 Ottawa, July 30, 1954

CONFIDENTIAL

Reference: Your teletype No. WA-1285 of July 21, 1954.

COLOMBO PLAN — JAPANESE PARTICIPATION

As you will see from the attached copies of an exchange of correspondence with our Ambassador in Japan, we have been anticipating that the question of Japanese association with the Colombo Plan might be raised in advance of this year's Consultative Committee meeting. We assume that the approach made to you by Mr. Ross was not a formal proposal that Canada should circulate to other Colombo Plan governments for their views. We of course feel the question of Japanese association cannot be dealt with by mechanically enquiring from the other governments how they view it. It will require very discreet discussions in most of the countries involved, and we feel that because of the United States interest they should be prepared to undertake this exploration themselves if they wish the subject pursued. We have already had an indication that New Zealand hopes that the question of

Japanese association with the Colombo Plan will not be raised this year, and an implication that if it were they would oppose it. There is no reason to suppose that the Australian position, which was equally firm before the 1953 meeting, will have changed over the past year. We have also had an informal indication from a senior official of one Asian country that they are not enthusiastic about Japan entering the Colombo Plan. We would be reluctant to speculate on the United Kingdom attitude.

2. In our letter No. E-414 to our Ambassador in Tokyo, we outlined how Canadian officials were viewing Japanese association with the Colombo Plan, and it would be appropriate for you to draw these views to the attention of the State Department. Whilst Canadian officials are not opposed in principle to Japanese participation, we do foresee the difficult position in which this might place other countries, and we are anxious to avoid exposing the Colombo Plan unnecessarily to any highly controversial issues which might have the effect of weakening the reasonably effective and cooperative links which we have worked to create through the medium of the Plan.

3. We assume that the State Department will keep us fully informed of the results of any discussions with other Colombo countries.

A.E. RITCHIE
for Secretary of State
for External Affairs

404.

DEA/11038-40

Le chargé d'affaires de l'ambassade aux États-Unis au secrétaire d'État aux Affaires extérieures

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

TELEGRAM WA-1447 Washington, August 24, 1954

CONFIDENTIAL

COLOMBO PLAN — JAPANESE AND AFGHANISTAN PARTICIPATION

Representatives of the British, Australian and New Zealand Embassies, along with ourselves, were convened to a meeting on this question in the State Department yesterday afternoon. We were asked in turn to state our government's views with respect to Japan and to seek their views as regards Afghanistan. A second meeting will be held shortly.

2. *Japan.* The United Kingdom representative reported that his government would not oppose "association" if all Colombo members agreed; he did not know what London meant by association. The New Zealander said that his government would not oppose observer status if this was the general desire and if it carried the support of the Asian members. He implied that his government would not go beyond observer status. (He added that if one of the purposes of Japanese participation in the Colombo Plan was to push Japanese exports, this could more appropriately be

done through commercial channels or through ECAFE). The Australian representative said that his government might not in principle be opposed to association (again undefined); nevertheless, they had very serious doubts about it. (We know from a conversation with a member of the Australian Embassy who came to see us about this last week, that his government fears that Japan would want to use the Colombo Plan to force its exports into the Colombo Plan area.)

3. It became obvious that if the State Department was to get a clear-cut answer, in particular from the United Kingdom and Australia, they would need to ask specific questions. They therefore circulated a departmental paper which we reproduce in our immediately following telegram.† You will note that association has now been defined to mean observer status in the Consultative Committee and full membership in the Council for Technical Co-operation. The United Kingdom, Australian and New Zealand representatives have been asked to obtain urgently the views of their governments.

4. *Afghanistan.* The United Kingdom, Australian and New Zealand Governments had not yet been asked for their views about Afghanistan. Their representatives have now undertaken to obtain them on the specific question of admitting Afghanistan as an observer at the forthcoming meetings. If the four Commonwealth countries consulted (including ourselves) are not opposed, the State Department will sound out Afghanistan as regards their interest in obtaining observer status. The next step would be for Afghanistan to approach you indicating its desire to attend the meeting as an observer. The State Department rather hope that you would be prepared to circularize this request to members giving it such support as you could in the light of your position as well as that of the United States, United Kingdom, Australia and New Zealand.

5. We informed State Department officials in confidence that we had reason to suspect that Pakistan would refuse to sponsor Afghanistan membership and that it might even oppose its membership. We undertook to pass on such additional information as might come to hand. (We had in mind the despatch you are awaiting from our mission in Karachi.)

405. DEA/11038-40

Extrait d'un télégramme du secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Extract from Telegram from Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1599 Ottawa, September 9, 1954

CONFIDENTIAL

Reference: Your telegram Nos. WA-1447 and 1448† of August 24.
Repeat London No. 1338.

COLOMBO PLAN, JAPANESE PARTICIPATION

Our views are still substantially those outlined in our despatch No. E-948 of July 30 to you and our letter No. E-414 of May 31 to Tokyo.

2. With regard to the State Department paper of August 24, we are of course at one with the United States in desiring the growth of an economically viable and politically stable Japan closely associated with the nations of the free world. We have concluded a trade agreement with Japan, we grant her m.f.n. treatment, and we have under consideration the question of Japanese entry into the GATT.[35]

3. Japanese association with the Colombo Plan might further strengthen Japan's ties with the free nations of Asia, but this would depend largely on the attitude of these nations toward Japanese participation, which is as yet unknown. Some of them have still to conclude a peace treaty with Japan and have reparations problems outstanding. On the other hand, closer economic co-operation with Japan might appeal to some of them. The political benefit could not be fully assessed until the views of the free Asian countries are known.

4. We agree that Japanese association with the Plan might, in a limited way, contribute to economic development of the area. Any contribution Japan might make to economic development would probably be in the technical assistance field. If she wished to make such a contribution, in addition to what she is now doing on a more commercial basis, we have no doubt her help would be of real value. We see little possibility of Japan offering capital assistance, unless this were in the form of capital goods paid for by others or in the form of reparations to which she is already obligated. We would certainly agree to Japanese membership in the Council for Technical Co-operation if this were favoured by the other members, particularly those from Asia.

5. If the United States should envisage the Colombo Plan as a means of strengthening the economy of Japan, we would want to have more information before forming a considered view. Our present opinion is that the sort of technical assistance Japan needs can probably best be supplied outside the Colombo Plan. So far as capital assistance is concerned, it is difficult to see this coming from any major source except the United States or the International Bank. Japan might seek to use the Colombo Plan as a means of promoting trade with South-East Asia. This is doubtless a desirable end, but there are perhaps more appropriate means for achieving it.

6. In the matter of observer status in the Consultative Committee we have given thought to the present scope of the Plan, which, for development purposes, covers only South and South-East Asia. If Japan were regarded as a potential *recipient* — as we think she must be regarded if one is to be realistic — observer status for Japan might lead to expansion of the accepted area of the Plan and ultimately raise the possibility of applications for admission from Korea or Nationalist China. In view of relations between Japan and Korea, and the attitude of many existing members toward Nationalist China, such developments might imperil the co-operative nature of the Colombo Plan. In our view the main immediate consideration is

[35] Voir/See Documents 809, 818.

whether or not a Japanese association could be arranged without serious opposition from existing members, particularly those from Asia. We are anxious to avoid submitting the Plan to stresses which might lessen its present effective basis of co-operation. On the question of observer status for Japan in the Consultative Committee, we would prefer to reserve judgment until such time as we have information about the views of Asian members and a clearer indication as to whether Japan is to be regarded as potentially a donor or a recipient.

7. The State Department have suggested that observer status for Japan be "initiated" at the Ottawa meeting. We agree with them that such a proposal should come from an Asian member and that it should be advanced only after it has been established that it would stand a reasonably good chance of acceptance. On the basis of our present information regarding others' views, we fear it might be risky to encourage a formal proposal at the forthcoming meeting. If, in the interval, the United States receives adequate assurance of favourable attitudes, particularly among the Asian countries, the move might be made with confidence. Alternatively, United States representatives might find an opportunity during the meeting to sound out the Asian members informally with a view to deciding their course of action.

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406. DEA/11038-40

Le chargé d'affaires de l'ambassade aux États-Unis au secrétaire d'État aux Affaires extérieures

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

TELEGRAM WA-1536 Washington, September 3, 1954

CONFIDENTIAL

Reference: WA-1447 of August 24.

COLOMBO PLAN — JAPANESE AND AFGHANISTAN PARTICIPATION

The second meeting was held this afternoon to consider the question of procedure with respect to Japan.

2. We resisted the suggestion that Canada as host government should now take the initiative. We explained that you would most certainly be reluctant to circularize Colombo Plan members before being relatively certain there would be no opposition to Japan's membership in the plan. This position was readily acceptable to all present.

3. The step-by-step procedure which has now been worked out is set out below. We hope that it will not cut across any plans which you might have in mind and that you will consider the following procedure reasonable. In fact, as you will see, the bulk of the effort will be done by Australia. Its representative said that his government would most likely welcome this because it is anxious to derive "full

credit" for the attitude which it has now taken with respect to Japanese membership.

(a) Australia will suggest to Japan that it should delay making formal application to you as host government. This is to avoid embarrassment should any member oppose Japanese membership. However, it is unlikely that much harm can result if the Japanese application for full membership has already been despatched to you, since no opposition is foreseen;

(b) Australia will immediately approach the Asian members (i.e., governments which have not so far stated their position) seeking their views on the question of Japan's full membership in the plan;

(c) Australia will inform you (perhaps through this Embassy) of the reactions of the governments thus approached. This information will be passed on to you on a country by country basis immediately it is received in Canberra. Japan will also be informed but only if the reactions are generally favourable;

(d) Japan will file a formal application with you as host government (unless of course this has already been done);

(e) The host government would then circularize by telegram the Japanese application outlining the position taken by the various members. You would also inform the Japanese that the members have been so circularized and that the decision concerning their membership in the plan would be considered at the first meeting.

4. The New Zealand Embassy's instructions are still that the New Zealand Government "would reluctantly agree to Japanese attendance with observer status and membership in the Technical Co-operation Council if other and particularly, Asian members agree". The Embassy is asking whether these instructions still stand in view of the Australian position. They will let us know.

5. *Afghanistan.* The United States have dropped their proposal for observer status for Afghanistan. This decision disposes of the question at least for this year.

407.

DEA/11038-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire en Australie

Secretary of State for External Affairs
to High Commissioner in Australia

TELEGRAM 143

Ottawa, September 15, 1954

CONFIDENTIAL

Reference: Your telegram No. 184 of September 11.†
Repeat Wellington No. 56; London No. 1393; Washington EX-1664.

JAPAN AND THE COLOMBO PLAN

Australian Government have asked urgently through High Commissioner's Office here for our reactions in response to Japanese request to them for advice as

to whether or not they should approach Canadian Government. Australians report favourable reactions to their soundings from Ceylon, Indonesia, India, and Pakistan. The Burmese reaction is awaited. We do not, repeat not, know if the Indo-Chinese States have been approached.

2. We are telling Australians that we have no, repeat no, objection to their reporting Asian reactions to Japan, in accordance with procedure to which we have agreed, if they now wish to do so. We have been careful throughout not, repeat not, to advise the Japanese as to what they should do. If the Australians wish to do more than report reactions to the Japanese, they might say that if the Japanese decide to apply to us, it would assist member governments if they were to make clear what exactly they are applying for (e.g. Membership in the Technical Cooperation Council or Membership in Consultative Committee).

3. We have been asked by the Japanese Embassy here if it is possible for a country to join the Council for Technical Co-operation without joining the Consultative Committee. Without suggesting whether or not, repeat not, this would be desirable in Japan's case, we have replied that, it is our understanding that this is possible but that the Canadian Government would not, repeat not, wish to give a positive answer on this point without consultation with other member countries. The Embassy has also asked if application for membership in the Council for Technical Co-operation should be made to the Council or to the Consultative Committee. We have said we would endeavour to secure an answer on this point and are asking the Australian, the New Zealand, United Kingdom and United States authorities for their views.

4. According to the Embassy Japan wishes to join the Council but has not, repeat not, yet decided whether, as a member of the Consultative Committee, it would wish to be donor or recipient. In the Embassy's opinion, Japan would now be interested in joining the Consultative Committee only if this were necessary to allow membership in the Council. These views were evidently expressed without knowledge of the favourable reactions Australia has received from several Asian countries. We have indicated to the Embassy that there is no, repeat no, *formal* distinction between donor and recipient countries (although it is desirable to avoid any misunderstanding as to whether particular countries expect to give or to receive aid).

5. If we receive an application from Japan we will circulate member countries and, presuming that the terms of the application relate to participation in the Consultative Committee, we will propose that it be placed on the agenda. The question of Canada proposing Japan, which Australia has broached, could be decided later.

6. Canberra, London, Washington and Wellington: please secure views of authorities concerned on question raised in paragraph 3.

428. PCO

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

Memorandum from Acting Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 213-54 [Ottawa], September 27, 1954

CONFIDENTIAL

COLOMBO PLAN — PROPOSED JAPANESE PARTICIPATION

On September 17 the Japanese Ambassador notified the Canadian Government that Japan desires to participate as a full member of the Colombo Plan. The Chairman of the official meetings of the Colombo Plan Consultative Committee reported this development at the first meeting on September 20. The Committee felt that, in accordance with the practice usually followed in the past with respect to new members, the views of member Governments should be secured before action is taken in the Committee. Accordingly, the Department of External Affairs, acting on behalf of Canada as the host Government, has consulted other members through diplomatic channels.

Since a general sentiment in favour of Japanese admission has been indicated in consultations prior to and during the present meetings, member Governments have been told that, subject to confirmation that full participation by Japan would be agreeable to member Governments, Canada would propose (a) that Japan be represented at the first of the closed Ministerial meetings in Ottawa and that Japan be received as a full member of the Consultative Committee at that time; and (b) in anticipation of such action at the time of the Ministerial meeting, that the Japanese Government be invited to have an observer present during the balance of the official-level meetings in order that the Japanese Government might be familiar with the background of the Ministerial meetings. Presumably, if Japan were admitted to the Consultative Committee, the Council for Technical Co-operation takes similar action at an early date.

The question of Japanese membership in the Colombo Plan is one for all member Governments to decide and it is proposed that the Canadian Government, as host Government to the present meetings, should take appropriate action when the views of member Governments are known. In this connection it is desired that the views of the Canadian Government itself be determined.

It would seem desirable that the Canadian Government favour Japanese admission if it is generally the view among member Governments that this course be followed. It would, of course, be desirable that Japan make some contribution as a member of the Colombo Plan and that she should not expect to participate as a recipient. Since there is no formal distinction between donor and recipient members it would seem undesirable to make donor status a pre-condition of Japanese entry. However, the official Canadian view, and that of some other members, as expressed in consultations on this question has been that Japan would be expected

to make some contribution and that Japan should not be regarded as a potential recipient because this would enlarge the area in which the Colombo Plan is designed to promote economic development — i.e. South and South-East Asia. Representatives of the Canadian Government and of some other member Governments are taking appropriate opportunities to make their view on this point clear to the Japanese Government.

Recommendation

It is recommended that Cabinet agree that Japan be admitted as a full member of the Colombo Plan if it is the general view among other countries that this course be followed.[36]

PAUL MARTIN

SUBDIVISION II/SUB-SECTION II

ÉVALUATION
ASSESSMENT

409. DEA/11038-5-40

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

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

[Ottawa], December 9, 1954

You may be interested in reading the attached memorandum which is an analysis of the Colombo Plan Conference held in Ottawa earlier this Fall.[37] If this paper appears unduly long it is because we felt you might be interested not only in the substantive discussions that took place during the Conference but also in the subsidiary aspects of a meeting which marked the first time that Canada had played host on a large scale to a number of important Ministers and officials from countries of South and Southeast Asia.

You will recall that one of the arguments put forward in support of not increasing our Colombo Plan contribution was that the Asian Ministers did not actively seek increased assistance during the meeting. I think paragraphs 3, 4 and 5 of the attached paper indicate how essential external aid is considered to be by Ministers like Mr. Deshmukh of India and Mr. Mohammed Ali of Pakistan. While they could not for obvious reasons sound too demanding they both sought to stress the impor-

[36] Approuvé par le Cabinet, le 30 septembre 1954./Approved by Cabinet, September 30, 1954. Le Japon a été admis au Comité. Pour plus de renseignements, voir le document 409./Japan was admitted to the Committee. For details see Document 409.

[37] Note marginale :/Marginal note:
A very good and interesting report. L.B. P[earson]

tance of foreign assistance to their countries particularly during this initial period of economic development.

In paragraph 11 of the analysis reference is made to a misunderstanding which appeared to exist with respect to the Canadian contribution to the Colombo Plan. As a result there may be some impression that Canadian administrative machinery is unable to use effectively an annual contribution of approximately $25 million. This of course is an incorrect interpretation arising out of a tendency to confuse uncommitted and unspent money. As paragraph 11 explains, at the time of the meetings only about $7 million remained uncommitted. (As a result of subsequent decisions of Cabinet to provide additional assistance only a little more than $4 million remains available as of this date, and there are of course a number of sound projects under active consideration which would more than absorb this amount).

I am also attaching a printed copy of the final version of the Third Annual Report of the Consultative Committee. Thanks to the excellent co-operation which we received from the Queen's Printer printed copies of this Report have been made available in record time. This report is not to be released until December 15.[38]

J[ULES] L[ÉGER]

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

[Ottawa], December 9, 1954

AN ANALYSIS OF THE COLOMBO PLAN CONFERENCE

This memorandum attempts to analyze the recent Conference of the Colombo Plan Consultative Committee by summarizing and commenting upon significant developments in the substantive discussions; and by also appraising the results of Canada's first essay at playing host to a major Conference, at which most of the delegates were from South and Southeast Asia and were largely unfamiliar with Canada, or its people. Without exaggerating the importance of these Colombo Plan Conferences, it should be recognized that they play a modest role in moulding attitudes of at least a number of fairly significant individuals from both Western and Asian countries.

Substantive Discussions

2. The character and tone of discussions in the formal sessions of this year's Consultative Committee meeting closely followed a pattern which had been established at the earlier meetings in Karachi and New Delhi. Most of the work during the first two weeks at the meeting of officials was devoted to the preparation of a draft Report for the consideration of Ministers. The Drafting Committee, after collating

[38] Voir/See *The Colombo Plan for Co-operative Economic Development in South and South-East Asia: Third Annual Report of the Consultative Committee*, Ottawa: Queen's Printer, 1954.

the country chapters which had been reviewed and revised by separate working groups, turned most of its efforts towards the preparation of the final sections of the Report in which an attempt was made to describe the progress achieved and to point up the major obstacles which the Asian countries were seeking or should seek to overcome. In that Committee there was a general disposition towards frankness and the avoidance of over-optimism or complacency, but of necessity some parts of the conclusion reflected the effects of compromise.

3. As at Karachi and New Delhi, the meeting of officials in Ottawa fulfilled a useful function. From the Canadian point of view it was particularly helpful to have on hand for a reasonable period of time, a wide and varied group of officials from the Asian countries, familiar with the details of Canada's Colombo Plan operations in their particular countries. However since the major task of the meeting of officials is the preparation of the draft Report, consideration might perhaps be given to the possibility of limiting the preliminary meeting in the future to one or two officials from each country (especially since the number of countries involved has increased considerably), in reality the Drafting Committee; this would allow this smaller body to concentrate more intensively on the preparation of the draft report — which each year becomes a more complicated and time consuming task.

4. During the meeting of Ministers, which lasted for five days, the discussion of the Report and its conclusions was restrained and at times perfunctory. For the most part, leaders of delegations limited themselves to speaking with reference to those sections or chapters which concerned their countries. As one might have anticipated, the most substantial and dignified statements came from Mr. Deshmukh of India and Mr. Mohammed Ali of Pakistan. When speaking of foreign assistance, Mr. Deshmukh spoke with anything but a demanding tone, and one gained the impression that, for India at least, aid in the form of loans might be acceptable (particularly since political strings would be less likely in that case) as well as aid in the form of grants. The Indian statement laid stress on the value of foreign assistance during the initial period of economic development in the country and there was a note of hopefulness about the future of private savings and investment in India. Inhibited by only the inherent dignity of the East, Mr. Deshmukh went to considerable length to confirm the need of his country and others in the area for external aid; and at the same time one sensed that he was paying particular tribute to the acceptability of the Colombo Plan as the instrument for achieving the effective cooperation required for the distribution of external aid. On the importance of external aid, Mr. Deshmukh observed that while they might be able to get along without it they would then have to take forty years instead of twenty to achieve the modest objective of doubling their present inadequate national income.

5. Mohammed Ali sought with somewhat less effect to correct the impression that unfavourable conditions for private investment existed in his country. His remarks, however, indicated a far greater reliance than India on foreign assistance, in the form of both grants and loans. The Pakistan Minister of Finance spoke at length about the disastrous results of the floods and of the fall in prices of cotton and jute, but his statement was probably not as candid or harsh as one might have anticipated in the light of the serious problems which the Pakistan economy is reported to be facing.

6. The statements of most of the other Asian delegates were interesting and provided a useful supplement to the Report. These statements made it clear that the Asian countries were facing up to the gigantic task of financing from their own resources the bulk of the cost of development (the Report notes that about 80% will be financed by Asians this year). The address, by the leader of the Viet Nam Delegation was the only speech to place economic development in its political framework. It was a simple and moving appeal which apparently was not distasteful to any of the other delegates present. For the first time the representatives from Viet Nam, Cambodia and Laos seemed to be at home in the Colombo Plan. The comments directed to them in French by our Prime Minister and by other Canadian Ministers were warmly appreciated. Although members of the Canadian delegation were careful to avoid even an implied commitment, these countries undoubtedly hope to secure capital assistance from Canada as well as technical assistance through the provision of French-speaking experts.

7. The references in several speeches made by Asian delegates to the shortage of consumer goods and the consequent fear of inflation in their various countries provided background to the statement of the United States delegate which concerned itself largely with the new Agricultural Trade Development and Assistance Act. Assuring the conference that normal markets would not be disturbed or world prices depressed, the United States delegate pointed out that the proceeds arising from the sale of United States agricultural surpluses could be of valuable assistance to Asian Governments in financing economic development projects. There was no evidence of any enthusiastic response from the Asians to this approach.

8. Mr. Stassen spent two days in Ottawa during the Ministerial Meeting, and his comments, which were in addition to the formal U.S. statement, did not come until the last day of the conference. There had been some thought that he might announce a new "Save Asia" plan. As it turned out, his statement was fairly routine in nature, although the conference and the press were greatly interested by his suggestion that the United States intended to devote to projects within the Colombo Plan a portion of the savings which will arise from the ending of the Indo-China war. He also spoke of his Government's interest in the steps that might be taken towards multilateral regional cooperation in Asia commencing to the delegates the successes achieved in Europe through the Regional approach. Whilst Mr. Stassen's comments were otherwise of an unspectacular nature, what he said and what was said by others on his delegation throughout the conference made it clear that the United States Government was anxious that it should be considered as a very active member and supporter of the Colombo Plan. Statements and comments by United States representatives, both in and out of the conference, often betrayed their disappointment at the tendency of both the United States public and the rest of the world to consider that the United States at the best was only a marginal observer of the Colombo Plan. Subsequent reports have reinforced this feeling that the United States Government was leaning towards stronger association with the Colombo Plan. This could of course produce both good and bad effects.

9. There was evidence at this year's meeting that the Colombo Plan was at a transition stage in its development. Delegates frequently referred to the fact that the Plan was at its mid-point or moving into the final stages of at least the first plan-

ning period; and the United Kingdom openly acknowledged what all governments appeared to have tacitly accepted, that the Plan would have to be continued beyond 1957. There were other indications that the Colombo Plan was in transition. The membership at this meeting was enlarged to include Japan, which had previously not been associated in any way with the Plan, as well as Thailand and the Philippines, which had been represented at previous meetings by observers. Originally the Plan was initiated primarily in terms of strengthening the Asian countries in the Commonwealth, although it was recognized from the beginning that other countries would be welcome. The entry of Japan involved the conference for the first time in a certain amount of political shuffling. The increased United States interest in the Plan, which was referred to above, was also apparent to most of the Asian countries and there were, of course, passing references to the relationship between the Colombo Plan and SEADO (with no inclination to link the two in a manner objectionable to the other members of the Plan).

10. The broader membership of the Plan may be giving rise to fears in the minds of some of the Asian countries, although there was no particular evidence of this at the Ottawa meeting. The founding members of the Colombo Plan have always recognized that special relationships between countries and between individuals have developed through these meetings. These are relationships which draw in part on the Commonwealth sentiment, in part from the habit of meeting and working closely together over the past few years, and in part on the uncontroversial nature of the aspirations of the Plan. The informality and frankness which develop as a result of these relationships might be extremely difficult to maintain if the Colombo Plan were to become another international agency in the ordinary sense of that term. At the present time there is no evidence in the Colombo Plan of the split between the Asian countries and the West, or in fact between certain countries of Asia themselves, which is often found in other international agencies.

11. By and large, controversial issues were avoided. However Burma, Indonesia and Australia made frequent attempts to record into the Report and the minutes their desire for greater stability in commodity prices. The Report and in fact the published Conference documents avoid a clear cut recognition of what was undoubtedly an issue about which many delegations, including the Canadian, were unenthusiastic. Indonesia also reminded the Conference of the importance of trade with Communist China. Ceylon, on several occasions stressed the importance to their economy of the rice-rubber barter agreement with China.

12. As host to the conference, both Canadian Ministers and officials were called on to undertake a large amount of preparation and work, but Canada played a modest part in the formal discussions of the conference. Since Mr. Harris was serving as Chairman, Mr. Sinclair introduced the Canadian section of the Contributions Chapter. His reference to unspent moneys available for Colombo Plan projects was unfortunately misunderstood by some of the conference and later by the press. Almost all of the unspent money (the figure referred to in Mr. Sinclair's comments was $32 million) has been committed in principle to capital projects in India, Pakistan and Ceylon. Something less than $7 million of funds voted up to the end of this fiscal year were available for disposition at the time of the Conference and

numerous requests for assistance from these remaining funds had been submitted by these three countries, as well as by non-Commonwealth countries.

13. Apart from the more general multilateral discussions, the Consultative Committee meetings are usually accompanied by a series of bilateral conversations between the partners who share in the financing of developmental projects in the area. This year the meetings were particularly useful to Canada, since they gave Ministers and a very wide range of officials an opportunity to meet any of those responsible for development planning in the Asian countries. A great deal of useful work was done in discussing projects of interest to Canada which were in operation or were shortly to be undertaken in India, Pakistan and Ceylon.

14. A more reserved attitude was adopted by both Canadian Ministers and officials in discussions concerning *new* requests for aid. Since no decision had been taken about the size or nature of Canada's contribution for next year, it was not possible, of course, to offer non-Commonwealth countries any encouragement that new capital projects could be undertaken. The representatives of most of these countries and in particular Burma, Indonesia and Cambodia were told that Canada would carefully study any requests for technical assistance which they might submit — and that there appeared to be a wide range of fields in which Canada might assist through the provision of technical assistance. In addition, of course, Burma, Indonesia and Cambodia all have capital projects which they proposed to Canada and they were active in pressing their requests.

15. To a lesser degree, the uncertainty about next year's programme limited discussions of new projects in India and Pakistan. Both of these countries expressed some interest in receiving some commodity assistance. Pakistan admitted that such aid would not only contribute to economic development both through the use of the commodity when manufactured and through the provision of counterpart funds, but would also have at least an anodyne effect on the painful decline in their foreign exchange reserves.

16. The Pakistan Delegation and in particular the Finance Minister, Mohammed Ali, attributed the highest priority to the Punjab tubewell programme which will supply power and irrigation to those parts of Pakistan most reliant on the waters of the Indus basin, the use of which is in dispute between India and Pakistan. (Canada has already agreed to assist in principle in this programme to the extent of $5 million. A decision has been taken to assist in the construction of a hydro-electric plant at Shadiwal on the Upper Jhelum Canal at an approximate cost of $2 million. There are reservations about some of the other projects which form part of the Punjab tubewell programme, but the fullest consideration must be given to them in the light of Mohammed Ali's appeal).

17. In general the meetings, produced a wholesome and co-operative atmosphere. This year's Report is probably more thorough than previous ones. If its conclusions are vague in parts, this may be partially attributed to the difficulty of generalizing for the area as a whole; and it is of course, attributable also to the political implications involved in a frank and realistic analysis of the progress of the economic development programme.

Subsidiary Aspects of the Meeting

18. It was recognized from the outset that the value of the Colombo Plan conference would derive not only from the meetings themselves but also from the atmosphere surrounding them. This had been true of previous Colombo Plan conferences and it was felt it would be especially true of this conference, since it was the first to be held in North America and gave the Canadian Government and people their first opportunity to receive Colombo Plan delegates.

19. In planning the conference the following aims were kept in view: (1) to provide efficient and congenial working arrangements (2) to house the delegates comfortably and to give them opportunities to mix together in an informal and friendly way (3) to provide hospitality which, without interfering with the work of the conference, would afford entertainment and at the same time introduce the delegates to some important aspects of Canadian ways of living and working (4) to give the delegates an opportunity to learn something of Canada and to enable the Canadian people to learn more about the Colombo Plan and the Colombo Plan countries.

20. Many compliments were received from visiting delegations on the efficiency of the conference arrangements and on the facilities designed to make the delegates feel as much at home as possible. After a brief initial period of adjustment, the conference organization, composed of many people from several different departments, worked well together, achieving consistently effective results — sometimes in the face of heavy demands in terms of time and energy.

21. Other facilities provided for the delegates included not only items such as lounges and local transport but also minor gestures such as dishes somewhat to the Asian taste, the display of all national flags (including those of new members as they were admitted), the playing of a medley of national anthems by the carillonneur, and the services of receptionists to assist delegates with miscellaneous enquiries.

22. The functions arranged outside the conference were, on the whole, highly successful. During the period of the officials meeting we were able to arrange these functions entirely with the assistance of local organizations both public and private; during the Ministerial meetings it was necessary to make use of talent and facilities from outside Ottawa since local theatre and musical groups of the right sort were not performing. The officials' meetings got off to a good start with a very pleasant dinner at the Country Club. Thereafter during the two weeks of their meetings, as time allowed, the officials attended an informal tour of the National Gallery, a display at the National Research Council, a tea at the Experimental Farm, a football game, an ice hockey game, an evening on northern Canada, a concert by the Palestrina Choir which included Canadian folk songs, and a conducted tour to Chalk River.

23. The opening day of the Ministerial meetings was enhanced by the kindness of the Prime Minister and the Speaker of the House of Commons in agreeing to receive the delegates on their arrival at the Parliament Buildings and by the courtesy of the Speaker of the Senate in holding a reception for senior delegates and their wives in the late afternoon. The following day the Governor-General held a lunch for the leaders of delegations and a reception for the delegates-at-large; the

play presented by a group of Canadian actors which many of the delegates attended in the evening was greatly enjoyed.

24. Views on the CBC's concert of Canadian music, broadcast as part of a Wednesday Night programme were rather mixed. The orchestra and soloists were first-class and the reception afterward was a pleasant affair. Some listeners felt, however, that the music of Canadian composers is less presentable to this kind of group than the work of Canadian painters. We did our best to encourage CBC to put on the right type of programme and we understood there was to be a considerable amount of Canadian folk music in addition to some modern compositions. As it turned out there was less of the former on the programme than we had expected and even this was dropped by CBC at the last minute because they had under estimated the time the whole programme would take.

25. The tea at Kingsmere, regrettably suffered from inadequate organization in certain respects on the part of the officials; while it achieved one objective — that of enabling the delegates to drive through the Gatineau Hills while the autumn colouring was in evidence — it nevertheless fell considerably short of what it should have been as a social event. On the other hand, the tea at the Prime Minister's house for wives of delegates was very pleasant in every way.

26. The farewell dinner, at which the Prime Minister was host, was splendidly successful. Both he and Mr. Deshmukh, who responded to his graceful toast, spoke in a delightfully informal, friendly manner (in both English and French), and the warmest feelings of good fellowship prevailed throughout the evening.

27. Especially during the week of the Ministerial meetings, there were many receptions, dinners and lunches given by delegations or heads of Colombo Plan missions. It would not appear, however, that the delegates felt that they were being "killed with kindness" — at least by their Canadian hosts. On the contrary, the visiting delegates appeared to be impressed with the quiet and natural manner in which they were allowed to sample something of the Canadian way of life and culture.

28. Another objective — to give the delegates an opportunity to learn something of Canada and to enable the Canadian people to learn more about the Colombo Plan and the Colombo Plan countries — was achieved to a considerable extent by indirection. The press and other media, in advance of the meetings, were given very full information about the conference, the Consultative Committee, the Colombo Plan and Canada's part in the Plan. Statements by leaders of visiting delegations were made available; and there was a briefing session for the press just before the meetings commenced. During the meetings arrangements were made to facilitate interviews by the press, radio and TV people, and full co-operation was afforded to the information and press officers of local missions. Mr. Harris and Mr. Taylor as spokesmen for the conference, met the press on a number of occasions. Canadian officials were careful not to engage in activities which might lead to charges of "over selling"; at the same time all concerned with the meetings did everything possible to co-operate with the "media" and to enable them to cover the conference adequately.

29. Before and during the meetings a considerable number of radio and TV programmes about the conference or the Colombo Plan were broadcast. The press coverage in Canada was very considerable — in news and editorial columns and in the form of pictures. All comment on the substantive aspect of the Colombo Plan was favourable to the objectives of the Plan; there was some criticism of it as inadequate in scope, and a majority of editorial writers seemed to favour an increase in Canada's contribution.

30. With the cooperation of this Department, the Exhibitions Commission of the Department of Trade and Commerce produced a very effective Colombo Plan exhibition which was on display in the Parliament Buildings throughout the period of the meetings. It was seen by all the tourists going through the building; and large numbers of school children visited it from time to time. The public was further interested in the Conference by the attendance of a large number of representative groups in Ottawa to the opening session; the response was good, and the galleries were very nearly filled.

31. Every effort was made to obtain adequate publicity abroad. Special arrangements were made to keep local representatives of wire-service agencies informed, and a small number of foreign correspondents attended for a few days. The CBC-IS was especially briefed on the Conference, and it broadcast news items and sent documentaries abroad on discs. During the Ministerial meeting alone there were 62 short-wave broadcasts to South and Southeast Asia. The visit of two radio specialists from India and Pakistan, brought to Canada by the CBC-IS to work for a few weeks with the CBC, was timed so that they could help with broadcasts to their countries, and an Indonesian radio broadcaster, who was here under the Colombo Plan as a trainee, acted as a special commentator for CBC-IS. The BBC relayed some CBC broadcasts and did shortwave broadcasts of its own. The United Kingdom Information Office sent special stories to United Kingdom Missions in Colombo Plan countries. Special arrangements were made to have newsreel coverage of the opening session released in Colombo Plan countries.

32. The post-conference tours were highly successful. About fifty started out on the main tour of Montreal, Kingston, Toronto and Niagara Falls. About twelve took the brief northern tour to Arvida in planes provided by the Department of Transport; it was also to have visited Knob Lake but was forced back by bad weather. About twenty went on the Western tour. Asian delegates made up a high percentage of all the tour parties. The tours gave some Canadians an opportunity to meet a representative group of Asians at first hand and to learn more about their countries.

33. A pleasing feature of the conference and the tours was the extent to which delegates were entertained by non-official groups or simply went off on their own to visit people or places which interested them. This happened quite spontaneously, but always in a way which was of benefit both to the visitors and to the hosts.

34. The impact of Canada upon the Asian delegates was greater than had been anticipated. Subsequent reports have indicated how much the country and the people impressed both Asian Ministers and Officials. The Asians equally left a very dignified and pleasant impression with the Canadian people; it is noteworthy that

the tours were carried out without even the slightest evidence of any incidents relating to an unfriendly reception or discrimination.

35. In providing hospitality on the scale indicated in this memorandum for visiting delegates, numbering about ninety at the peak period, the Canadian Government was following the precedent established at previous Colombo Plan conferences in New Delhi and Karachi. Another justification for meeting some expenses not normally met at international conferences was the fact that most of the Colombo Plan countries are short of dollars; Canada's hospitality made it easier for them to send delegations of a suitable size. (In view of the fact that Canada has now taken its turn as host, it would be open to us to suggest that in the future — especially with the increase in the number of member countries, and hence of delegations — it might be desirable for each delegation to cover a larger part of its own expenses).

36. One aspect of the conference arrangements was, as was expected, uneconomical: the use of the Parliamentary Restaurant for lunch. The extent to which this contributed to the easy functioning of the conference will, it is hoped, justify the expense. While the conference accounts have not yet all been settled, it appears that the amount spent will be well within the amount budgeted and in line with the amounts approved for particular purposes.

SECTION C

CEYLAN
CEYLON

410.

DEA/11038-3-40

Le secrétaire d'État par intérim aux Affaires extérieures au haut-commissaire au Ceylan

Acting Secretary of State for External Affairs to High Commissioner in Ceylon

DESPATCH E-212

Ottawa, May 19, 1954

CONFIDENTIAL

Reference: Our telegram No. 95 of May 18.†

MEETINGS WITH MR. RAJU COOMARASWAMY REGARDING THE 1954/55 COLOMBO PLAN ALLOTMENT FOR CEYLON

As I explained in my telegram, meetings were held in Ottawa between May 6 and May 14 with Mr. Coomaraswamy, the Assistant Secretary of the Department of Finance in Colombo. I am enclosing with this despatch a copy of the letter which was given to Coomaraswamy at the conclusion of these meetings, which sets out the conclusions reached at the official level and which indicates the type of programme which we now propose to recommend to the Ministers. I am also enclosing for your information a copy of the minutes of the Colombo Group meeting on

May 11, which represents a summary of the thinking of Canadian officials which led up to the development of the programme set out in the letter to Coomaraswamy.

2. Mr. Coomaraswamy originally presented a list of projects which totalled over $7 million. When it became clear that the Canadian officials were working on the basis of a figure approximately the same as last year, i.e. $2 million, Coomaraswamy proposed that an interest free loan might be made to Ceylon to cover the difference. For reasons that are set out on page 4 of the minutes of the Colombo Group meeting, this proposal was not actively followed up. Moreover, our Prime Minister had indicated that we should not disturb the rough balance which existed last year in the apportionment of Colombo Plan funds to the three recipient countries. Since funds had already been committed to India and Pakistan on only a slightly reduced scale, it meant that the allotment for Ceylon would have to be in the order of about $2 million, a figure roughly the same as last year.

3. As we indicated in our telegram, the new funds which officials are prepared to recommend for the 1954/55 programme will total $2,115,000. In addition, $200,000 will be transferred from the amounts already voted last year for the equipping of a School of Practical Technology. As you will recall, the total funds allotted last year for this project were $500,000, part of which was to be in flour for local building costs and the remainder in equipment. There were some doubts in the minds of Canadian officials about this procedure, but a formula was finally developed as is set out on page 2 of the letter to Mr. Coomaraswamy.

4. Canadian officials were sympathetic to the budgetary difficulties that Ceylon is experiencing, and realized that this forthcoming year was considered a critical one. Nevertheless, we did not consider that the budget presented a crisis calling for extraordinary or emergency aid as for example in the case of the special grant of wheat to Pakistan. The programme which it is now proposed to recommend to Cabinet will contribute to many of the projects to which the Ceylonese Government give extremely high priority. At the same time, we are not likely to be exposed to criticism from the other two recipient countries whose allotments will be reasonably well maintained this year.

5. As you will see, if the recommended programme is approved, a total of $800,000 in flour will be made available for counterpart assistance in 1954/55. Since Australia is the major supplier of flour to Ceylon, we have asked our mission in Canberra to inform the Australian authorities of our intention and to point out that this amount falls well within what we have been exporting over the past couple of years to Ceylon and what in fact Ceylon would expect to purchase from us this year. To avoid placing unusually large amounts of Canadian flour on the Ceylonese market, we would phase the shipments so that part of it arrived in 1954 and the remainder in 1955.

6. We should perhaps mention one other point that came up in a supplementary discussion between Ritchie and Coomaraswamy which touched on the problem of housing the equipment for the research laboratories which Canada is providing. You will recall in your letter No. 178 of March 26† you informed us that the Ceylonese authorities were hoping that Canada might provide counterpart funds which would pay for the local costs of the required buildings. Ritchie pointed out to

Coomaraswamy that the Canadian authorities viewed this as a firm commitment on the part of the Ceylonese Government and that there was little likelihood of Canada agreeing to a change in this understanding. It was also pointed out that the estimated cost of the buildings, about $65,000, appeared to be high in relation to the equipment which would be stored in them. If the new programme for 1954/55 is approved, Canada will be assuming a substantial amount of local costs, and in the light of this it is hoped that the Ceylon Government will find some way to provide buildings for this laboratory equipment. The equipment, incidentally, is now available, and we are anxious to ship it as soon as the buildings become available. Mr. Coomaraswamy agreed in the end that it was likely that his Government would be able to make some arrangement. When he returns to Ceylon, it might be useful for you to follow this up to ascertain that the Ceylonese are in fact going to take steps to provide housing for our laboratory equipment.

7. The information in this despatch and in the attachments is, of course, for your own confidential information. We hope that the recommendations will be sent to the Ministers within the next couple of weeks, but it is important that no publicity should be given these proposals at this time. As you are aware from previous exchange of correspondence, it is difficult but essential to avoid premature publicity for Colombo Plan assistance. When a programme has been approved, we will, of course, immediately inform you so that you may undertake the necessary formal notification of the Ceylonese Government.

A.E. RITCHIE
for Acting Secretary of State
for External Affairs

[PIÈCE JOINTE 1/ENCLOSURE 1]

Procès-verbal de la réunion du groupe de Colombo

Minutes of Meeting of Colombo Group

CONFIDENTIAL [Ottawa], May 11, 1954

Those present:
Mr. A.E. Ritchie, Chairman
Mr. Raju Coomaraswamy, Assistant Secretary, Ceylon Ministry of Finance
Mr. A.F.W. Plumptre, Department of Finance
Mr. J.P. Manion, Department of Trade and Commerce
Mr. R.W. Rosenthal, Assistant Colombo Plan Administrator
Mr. P.A. Bridle, Department of External Affairs

Also present:
Messrs. Pratt, Pollock, Churchill, Stoner and Jay
(Mr. Nik Cavell, Colombo Plan Administrator, and
Messrs. L. Rasminsky and G. Freeman, of the Bank of Canada, were present at the earlier meetings referred to in the opening remarks of the Chairman).

The Chairman recalled that at its meeting with Mr. Coomaraswamy on Thursday, May 6, the Group had been asked to consider a programme comprising nine projects formally presented through our Mission in Colombo and an additional project (for the removal of the Science Faculty to the new University site at Per-

adenya) formally presented by Mr. Coomaraswamy. The Chairman explained that since that earlier meeting a number of discussions had been held among the Canadian officials concerned, who, at a meeting on May 10, had come to the view that, on the basis of there being about $2 million available for capital aid for Ceylon, an appropriate programme might consist of the following:

(1) $1,330,000 for diesel locomotives and sleepers, which had been given high priority in the Ceylon projects and which was included in the Ceylon budget.

(2) $300,000—Gal Oya, which was an attractive project from the Canadian point of view since it would likely appeal to the Canadian public and seemed to have special importance for both the Canadian Government and the public.

(3) $370,000—flour, the counterpart funds from which might be directed to the fisheries harbour.

2. As a counter-proposal, Mr. Coomaraswamy suggested that a programme of about that size might consist of assistance for the following projects:

(1) $600,000 in the form of flour for counterpart assistance to the fisheries harbour project;

(2) $600,000 for Canadian equipment for the port development project;

(3) $910,000 for four diesel locomotives and the balance in creosoted sleepers (all of which would generate counterpart funds);

(4) $160,000—telecommunication equipment for the Colombo airport;

(5) $200,000 for agricultural and other equipment for the Gal Oya dry farming scheme;

(6) $200,000 worth of flour for rural road development.

Mr. Coomaraswamy stressed that this programme, totalling a little more than $2,600,000, was primarily designed to bring relief to the budget position in Ceylon. He explained that the overall programme represented a reduction from the original Ceylon request in the light of the need to present a programme on the same order as in previous years. He said that he understood the difficulties that might arise in respect of the United States equipment that was included in the request in question, and it was his intention to propose that Canadian equipment for port development be supplied up to the total amount listed in his suggested programme. There could be full consultation on means of avoiding or overcoming any technical difficulties that might arise as between Canadian equipment supplied by Canada and equipment purchased by Ceylon from other sources.

3. During discussion it was noted that although the programme now put forward by Mr. Coomaraswamy was in excess of $2 million, it was likely that the total indicated would be reduced by supply difficulties, although the higher prices of some Canadian equipment might offset this and keep the total up. In the event that an excess over $2 million remained after the removal of those items which had too high a percentage of foreign content, it might be necessary to think in terms of not taking on one or other of the projects. In this connection, Mr. Coomaraswamy was warned that the Canadian officials would wish to look most closely at all of the projects listed with a view to determining whether or not they (or the particular

items of Canadian equipment involved) were of a kind that Canada would wish to provide under the Colombo Plan.

4. Mr. Coomaraswamy indicated that if it did become necessary to remove a project, he would prefer that projects at the end of the list be taken off first.

5. During discussion it was also noted that, should it become necessary to make cuts in the programme from the point of view of the supply position in Canada, which would take the total below the $2 million figure, consideration would be given to the possibility of increasing the allocation of assistance to the first three projects listed, all of which were in the budget.

6. It was agreed with Mr. Coomaraswamy that the Canadian officials would give urgent attention to his most recent proposals, both from the point of view of availability of equipment and of whether or not individual projects were of a kind Canada might wish to assist, and would have a further meeting with him at 11 a.m. on Friday, May 14 in the Conference Room.

7. If Canadian aid to Ceylon was not to exceed that of previous years, Mr. Coomaraswamy formally advanced a new proposal. He suggested that consideration might be given to the possibility of extending an interest free loan to his country which he hoped might be on the order of $5 million. He pointed out that such a loan would help to meet the special difficulties facing his country's budget this year, and would not be taken by his country as a precedent for Canadian action in subsequent years. He drew attention to the instance in which special emergency aid had been given to Pakistan in the form of wheat which had later been reimbursed to the Colombo Plan vote. He assured the Group that a loan of this kind would be used only to purchase Canadian equipment and to meet local costs in connection with projects coming within the Ceylon budget.

8. To emphasize the seriousness with which the Ceylon Government regards its budgetary position, Mr. Coomaraswamy pointed out that in the preceding years his Government had been faced by a growing and serious trend towards deficit financing and inflation. In an effort to check this, measures were imposed last year which, because of their severity, contributed to changes in the existing government. These measures have been maintained by the government. The estimates for the 1954/55 budget are being kept at about the same level as the previous year. Essential economic developmental projects already started are being continued, despite the natural growth in cost as they progress, only by drastic curtailment of ordinary government expenditures. Generally no new projects are being undertaken despite the fact that several important ones are ready to go ahead if funds or equipment could be made available without increasing the budgetary burden.

9. According to Mr. Coomaraswamy, the estimated expenditure for 1954/55 is Rs. 1040 million ($208 million). Revenue is estimated at Rs. 950 million ($190 million), leaving a gap of Rs. 90 million ($18 million). This gap will be partially closed by a loan of £5 million (Rs. 65 million) from the United Kingdom Government. On the basis of present estimates, this leaves a deficit of Rs. 25 million ($5 million), but Mr. Coomaraswamy pointed out that to this figure must be added a sum of between Rs. 10 million to Rs. 15 million arising from the local costs of hydro-electric projects, the external costs of which are being financed through a

loan from the International Bank. There is also a possibility that the Ceylonese Cabinet may decide to add to the estimates the cost of an important part of the Gal Oya development which Ceylonese officials did not include in their estimates. Taking this contingency into account, the estimated deficit for 1954/55 could amount to about Rs. 50 million ($10 million).

10. Mr. Coomaraswamy stressed that the advisers to the Ceylonese Government (including the Reserve Bank) were seriously worried about the possible internal economic effects of a budget deficit, and were urging the Government to budget for a surplus if at all possible.

11. Mr. Coomaraswamy also drew attention to the loss by Ceylon of foreign exchange. In January 1952 external assets held by the Ceylonese Government amounted to Rs. 1200 million ($240 million); today their holdings were only Rs. 650 million ($130 million). The Ceylonese Government expects this loss to continue, although at a slower rate. Because of the demand for imports in Ceylon, any budget deficit would be reflected in a further decline of these foreign exchange reserves.

12. The Chairman mentioned that it had not been made entirely clear to him in what way the Ceylon budgetary position was of the same emergency character as the financial and food position of Pakistan at the time of the special emergency assistance to that country. He also pointed out that when the extraordinary situation in Pakistan had arisen, there had happily been uncommitted funds within the Colombo Plan vote which could be used as a special measure to grant the assistance requested. In the present case of Ceylon, however, there was unfortunately only a small balance of uncommitted funds on hand.

13. Mr. Plumptre expressed the view that it might be difficult to justify the relating of Colombo Plan aid directly to the danger of a budgetary deficit. In his opinion this was a problem which every government faces and against which, in principle, the Canadian Government would generally not be favourably disposed to provide a cushion. On the other hand, he recognized that a real loan might be on a different footing to a grant in respect of assisting to meet a threatened budget deficit. He did not, however, see where there could be alternative sources to the Colombo Plan vote from which funds might be made available for the purpose envisaged. No suitable market for such a purpose could be found in Canada. The Export Credit Insurance Act, which provided certain authority under which loan assistance could be advanced, seemed on further investigation to be unsuitable for the kind of loan which Mr. Coomaraswamy had in mind, since interest rates under it are commercial and such credits are usually for only short terms.

14. In sum, therefore, there seemed only two possible means of providing additional aid to Ceylon at this time. Either there would have to be a general increase in the total Colombo Plan vote this year, or the normal proportion of aid available for India, Pakistan and Ceylon individually would have to be altered in Ceylon's favour. Since neither of these courses was likely to be followed in the foreseeable future, Mr. Coomaraswamy was informed that if he wished to put forward his proposal for a loan on a more formal basis, it would of course be given sympathetic consideration, but he should not be hopeful that a loan would be forthcoming.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Le chef de la Direction économique
au secrétaire adjoint du ministère des Finances du Ceylan

Head, Economic Division,
to Assistant Secretary, Department of Finance of Ceylon

Ottawa, May 14, 1954

My dear Coomaraswamy,

I wanted to let you know informally before your departure of the conclusions that we have reached at the official level about the projects you have placed before us for assistance from Canada under the Colombo Plan. I am sure you appreciate that anything I may say at this time must be subject to whatever decisions are eventually taken by the Government.

Before turning to the new projects, I thought it might be useful to run over the developments since your visit to Ottawa in July, 1953.[39] At that time we were able to notify you that officials were recommending to the Canadian Government that definite approval be given to projects totalling $1,785,000, and that approval in principle, subject to further investigation, be given to a pest control project and to some supplementary assistance for the fisheries pilot project. As you know, these recommendations were accepted by the Canadian Government. The Ceylonese Government was advised of these decisions on July 17 by the Acting Canadian High Commissioner in Colombo. Subsequently your Government was informed of our readiness to provide up to $28,000 worth of assistance for pest control purposes. As we explained at the beginning of our current talks, officials are now recommending to the Canadian Government that in response to the specific request received from Ceylon, the supplementary assistance for the fisheries project referred to above should be provided in an amount which would bring the total Canadian contribution to the external cost of that project up to approximately $1,407,000 (including the $1 million approved in connection with the first year's programme). This will result in an average total programme of approximately $2 million in each of the first two years.

With respect to those proposals which you have suggested might be included in the programme for 1954/55, Canadian officials intend to recommend to the Government that assistance be provided for the following projects:

To be financed out of 1954/55 appropriations

(1) *Fisheries harbour*

Canadian officials will recommend that flour to an amount of $600,000 should be supplied so that the counterpart fund equivalent could be used for local costs at the fisheries harbour in view of the high priority which you have given to this project.

[39] Voir/See Volume 19, Document 615.

(2) *Colombo port development*

Canadian officials will recommend that electrical and other equipment (details to be agreed later) should be made available to assist in the development of the Colombo port up to an amount of $400,000.

(3) *Railway equipment*

Canadian officials will recommend that in 1954/55 three additional diesel locomotives should be provided, together with a quantity of mixed Douglas fir creosoted sleepers, up to a total cost for all these items of $700,000.

(4) *Development of Colombo airport*

We will recommend that telecommunications equipment for use at Colombo airport should be supplied under the new programme up to an amount totalling $205,000.

(5) *Agricultural development in Gal Oya*

Canadian officials will recommend that agricultural equipment, a transmission line and certain other related items be supplied up to a total of $210,000 for use in assisting agricultural development in the Gal Oya area.

The total of the above programme which we propose to recommend to the Canadian Government for 1954/55 is about $2,115,000.[40]

To be financed out of 1953/54 appropriations

(6) *Rural roads*

In 1953/54, the Canadian Government assigned an expert to Ceylon to assist in preparing plans for a School of Practical Technology. At the same time the Government agreed to supply a quantity of flour, the proceeds from which would be used to meet construction costs of this School, and it also undertook to contribute towards the costs of equipping the School when built. Since, in the ordinary course, such equipment will not be required until 1955/56, and since 1954/55 is regarded as a critical year in the Ceylon Government's financial and development programme, Canadian officials are prepared to recommend to their Government that it agree that $200,000 of the amount set aside for this purpose may be used in 1954/55 for the provision of flour to be sold for rupees which, in turn, will be applied to the costs of culverts and other materials needed in Ceylon's rural road-building programme. The Canadian officials will recommend that it be understood between the two Governments that the costs of equipment for the School of Practical Technology would be included as part of any regular programme of aid to Ceylon in 1955/56, subject to the appropriation of funds in that fiscal year.

This arrangement would have the effect of adding the equivalent of $200,000 to the funds available to the Government of Ceylon in the particularly difficult year 1954/55 without thereby increasing the amount of new money to be allocated by Canada to Ceylon in that fiscal year or in the next.

The availability from Canadian sources of the bulk of the materials and equipment required for these projects within the amounts indicated has been investigated

[40] Approuvé par le Cabinet, le 27 mai 1954/Approved by Cabinet, May 27, 1954.

in a preliminary manner, and it is confidently expected that these contributions will be feasible if the programme as outlined above is approved by the Government. The precise composition of the aid which might best be given to these projects cannot be settled definitely at this time, since, in the event that this programme is approved, it will be necessary to enquire further into, and to consult with the Ceylonese authorities on, a variety of details. These would include specifications for some of the equipment, the feasibility of relating such equipment as is available from Canada with any equipment which Ceylon may be procuring from other sources for these same projects, and the general practicability of using effectively in some of these projects the types and amounts of equipment which Canada might supply from the larger list which you have submitted in presenting your proposed programme. It will also be necessary at a later stage to discuss with the Ceylonese authorities such matters as the administrative arrangements for some of these projects and the terms governing the creation and use of counterpart funds where appropriate. For example, if the programme suggested above is approved, counterpart funds will be generated by the flour and by the railway equipment.

Your presentation and explanation of the various proposals have been most useful and have helped Canadian officials to determine the form of the recommendations which should be sent to the Ministers. It will be appreciated that it is difficult to compare the amount of assistance provided in one year with that provided in another, if only for the reason that the period in which assistance is actually provided rarely coincides with either the fiscal or calendar year. In the nature of the operation, detailed decisions about individual projects, expenditures of funds and indeed the receipt of goods or services tend to be spread unevenly over the years. It is to be hoped that the programme outlined above, if approved by the Canadian Government, will make an effective contribution to Ceylon's economic development during the current year.

I am sure I speak for all of those with whom you have had contact here in Ottawa, when I say how much we appreciate your coming to Canada at this time to discuss the new programme for Ceylon. Your presence has been most helpful, and I hope to be able to inform you shortly of any decisions which the Ministers may reach.

Yours sincerely,
A.E. RITCHIE

411. DEA/11038-3-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire au Ceylan

Secretary of State for External Affairs to High Commissioner in Ceylon

DESPATCH E-483 Ottawa, October 25, 1954

CONFIDENTIAL

DISCUSSIONS WITH THE CEYLON DELEGATION DURING THE CONSULTATIVE COMMITTEE MEETING

In other despatches we have reported to you some of the supplementary discussions that Canadian officials had with the Ceylon Delegation during the recent Consultative Committee meeting. There is attached to this despatch a copy of a letter† sent to this Department by Mr. Cavell which summarizes the discussions which he had with Mr. Raju Coomaraswamy about the various Canadian projects in Ceylon.

2. I think only item 2 concerning the scientific equipment for the University requires an explanation. On several occasions Canadian officials urged Coomaraswamy in the strongest terms to try to find the money to provide the building for this equipment for the University of Ceylon. There has evidently been a genuine misunderstanding on this point. The Ceylon authorities seem to have assumed that we were going to supply the building or that a suitable one was already available at the University, while it was our impression that we were only providing equipment. Coomaraswamy pointed out that the only way in which his Government could secure money would be to make a special request to Parliament. This would undoubtedly cause considerable embarrassment for the Government and lead to much criticism of Colombo Plan activities in general. Canadian officials indicated that it was not easy for the Canadian Government to find the funds for this building, although this appeared to be now the only possible course. Canadian officials have therefore under consideration a proposal that Canada should provide up to $50,000 in flour. If it is decided to make such a recommendation to Cabinet and if it is approved, the counterpart funds arising from the sale of this flour would be used to finance the costs of construction of the building.

3. Coomaraswamy explained that he would be leaving Washington about October 28. If by that time the Canadian Government were in a position to notify him that it was likely that this new flour would be made available, he could make arrangements to transfer money from existing counterpart funds so that work on the building could get under way immediately. These funds would then be reimbursed from the sale of the $50,000 worth of Canadian flour.

4. If Canadian officials decide to recommend such an expenditure, no new funds will be involved. There is sufficient saving arising out of the 1953-54 allotment for diesels to provide for the purchase of this flour. You will recall that it was originally anticipated that Canada would supply three diesel locomotives; but it was

later agreed that two diesels of a more powerful nature would be provided. (Whilst funds for the flour could presumably be found in the 1953-54 vote for the diesels, this does not imply acceptance of the principle that unexpended moneys of this nature are freely available to the recipient country for whom the original allocation was made).

5. We will cable you as soon as a decision is taken in Ottawa concerning the financing of a building for the University.

A.E. RITCHIE
for Secretary of State
for External Affairs

412. PCO

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

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 242-54 [Ottawa], November 12, 1954

SECRET

COLOMBO PLAN — AID FOR CEYLON

At its meeting of May 28, 1954 the Treasury Board approved, out of funds available for technical assistance projects, the supply of laboratory and other equipment for the Faculty of Agriculture at the University of Ceylon, at a cost of approximately $17,000. At the time that this equipment was requested by the Ceylon Government, a request was also made that Canada should assist in the construction of a building at the University to house this equipment. It was suggested, however, to the Ceylon authorities that such a building might be made available by the University or by the Ceylon Government. The Ceylon Government have now informed us that because the University is in a very difficult financial position, it is impossible for the University to finance the cost of this building. There is also no existing appropriation from which the Ceylon Government could finance it and the only way in which the Ceylon government could find the money would be to request a special vote from the Ceylon Parliament, which is not considered practicable at this stage. In these circumstances, the Ceylon Government have renewed their request that Canada should assist by financing the construction of the building. Canadian officials have informed the Ceylon authorities that they consider it regrettable that Ceylon is unable to provide this building from its own means. In the circumstances, however, it appears desirable that consideration be given by the Canadian authorities to this request, especially since the equipment itself is virtually ready for installation.

It is estimated that the cost of construction of this building will be less than $50,000. This could be financed through the provision of flour from Canada which would in turn be sold by the Ceylon Government and the counterpart funds so

established would then be used to meet the cost of construction of the building. The provision of this flour would not involve the allocation of any new funds to Ceylon, since the amount required could be found in the unused balance remaining from an allocation under the 1953-54 programme to provide diesel locomotives to Ceylon.

Recommendation

It is recommended that Canada should assist by financing the construction of a building at the Agricultural Faculty of the University of Ceylon in which laboratory and other equipment being provided from Canada would be housed. Canadian assistance would take the form of flour to be made available in the amount necessary to provide up to $50,000 for this purpose. The funds would come from allocations already made to Ceylon under earlier programmes.[41]

L.B. PEARSON

SECTION D

INDE
INDIA

413. PCO

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

Memorandum from Acting Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 40-54 [Ottawa], February 16, 1954

CONFIDENTIAL

COLOMBO PLAN — ALLOCATION OF RUPEE COUNTERPART FUNDS ARISING FROM CANADIAN AID

On September 12, 1951, Cabinet approved an expenditure not to exceed $15 million for the supply of wheat to India under the Colombo Plan, on condition that the Government of India be requested (a) to set up "counterpart funds" equal in value to the wheat eventually provided, and (b) to use these funds for development projects in consultation with Canadian officials.[42] $10 million worth of wheat was in fact provided to India under the 1951/52 programme of capital aid, and rupee counterpart funds of equal value have, with the agreement of Canadian officials, been allocated by the Indian authorities to meet the local costs of the important irrigation and hydro-electric project at Mayurakshi.

2. At its meeting on September 13, 1952 Cabinet approved the supply to India of a further $5 million worth of wheat during the fiscal year 1952-53 on the understand-

[41] Approuvé par le Cabinet le 18 novembre 1954./Approved by Cabinet, November 18, 1954.
[42] Voir/See Volume 17, Document 583.

ing that as for the earlier gift, rupee counterpart funds to an equivalent value would be established.[43] On March 27, 1953, Cabinet approved the provision to India of 40 locomotive boilers on the understanding that counterpart funds would be established in an amount which would be appropriate in the light of arrangements for financing the Indian Railways and other relevant considerations.[44] Subsequent negotiations with the Canadian supplier indicated that the cost of the boilers would be considerably less than the original estimate, and on November 17, 1953, Cabinet agreed that 10 locomotive boilers, additional to the 40 previously approved, should be provided from the amount of $2.08 million which had been set aside for this project.

3. The rupee counterpart funds arising from the 1952-53 $5 million gift of wheat have been set aside by the Indian authorities. The counterpart funds arising from the supply of locomotive boilers will not be set aside until delivery to India has been effected. Because the locomotive boilers make a direct contribution to Indian development, and because financial and administrative difficulties would arise if the Indian Railways were debited for the locomotive boilers at the equivalent of the price of their manufacture in Canada, it has in principle been agreed with the Indian authorities that the counterpart fund to be set up should be the equivalent of the international market price for similar boilers. The exact price per locomotive at which the counterpart fund should be established is still under consideration.

4. The question of the allocation for development purposes in India of the counterpart funds arising from the $5 million wheat gift and the supply of 50 locomotive boilers has been discussed with the Indian authorities who have proposed that they be applied against the local costs of the Mayurakshi Irrigation and Hydro-Electric Project to which it was previously agreed the counterpart funds from the 1951-52 $10 million wheat gift should be allocated. In view of the size and importance of the Mayurakshi Project and of Canada's special interest in it, it is considered that Cabinet approval should be obtained before agreeing to the Indian Government's proposal.

5. The Mayurakshi Scheme is one of the high-priority projects in India's five-year economic development plan. It is situated in the State of West Bengal, and will on completion irrigate 600,000 acres of land with an estimated resultant increased yield of approximately 400,000 tons of food annually. The Mayurakshi works, on which very considerable progress has already been made, will include a hydro-electric plant. It is expected that the project will be completed in 1955. In addition to the agreed allocation of the rupee counterpart funds arising from the 1951-52 $10 million gift of wheat, Cabinet has approved the provision for this project of $3 million worth of Canadian manufactured electrical equipment for which contracts are at present being placed. The Indian proposal has been discussed on an interdepartmental basis, and it is considered that the allocation of these rupee counterpart funds to the Mayurakshi Project would be desirable and useful. Assurances have been received from the Indian authorities that local expenditure of more than the

[43] Voir/See Volume 18, Document 647.
[44] Voir/See Volume 19, Document 620.

amount of rupee counterpart funds arising from the $5 million gift of wheat and the provision of 50 locomotive boilers remains to be incurred on the project.

Recommendation

It is recommended that Cabinet agree to the Indian proposal that the counterpart funds arising from the grant of $5 million worth of wheat, and the provision of 50 locomotive boilers from Canada under the Colombo Plan be allocated to help meet the rupee cost of the Mayurakshi Irrigation and Hydro-Electric Project.[45]

BROOKE CLAXTON

414. DEA/11038-1-1A-40

Le greffier du Conseil privé
au chef de la Direction économique

Clerk of Privy Council
to Head, Economic Division

PERSONAL AND CONFIDENTIAL Ottawa, February 22, 1954

Dear Ed [Ritchie]:

RE COLOMBO PLAN, USE OF COUNTERPART FUNDS FOR MAYURAKSHI DAM

I refrained last week from raising this question except in reporting the decision to the Prime Minister, but I would like to ask you what *we* gain by allocating further counterpart funds to the Mayurakshi project. We have already, I understand, provided dollars and many rupees to this, we are associated with it to as large a degree as would seem necessary and apparently the project will go ahead to completion as rapidly if we do not aid it as if we do. Consequently the real effect of this application of counterpart funds must surely be simply to ease the budgetary problem of India and spare funds for *other* projects in regard to which we will have neither influence nor association.

Incidentally, the Cabinet paper did not touch on this sort of thing at all — I regard it as mainly an elementary explanation of the financial background with no real argument at all in support of the action proposed. Surely the considerable apparatus we have erected to deal with Colombo Plan matters is capable of something better than this?

Yours sincerely,
BOB [BRYCE]

[45] Approuvé par le Cabinet, le 8 février 1954/Approved by Cabinet, February 8, 1954.

415. DEA/11038-1-1A-40

Le chef de la Direction économique
au greffier du Conseil privé

Head, Economic Division,
to Clerk of Privy Council

PERSONAL AND CONFIDENTIAL [Ottawa], March 1, 1954

Dear Bob [Bryce],

RE COLOMBO PLAN; USE OF COUNTERPART FUNDS
FOR THE MAYURAKSHI DAM

In your letter of February 22 you have raised some very fair questions concerning the uses to which our counterpart funds are being put and concerning the manner in which the proposal referred to above was presented to Cabinet in our memorandum of February 16. Without going into too long a discussion, I hope that we can satisfy you on both scores.

I would start with the assumption that our counterpart funds can be allocated only to projects which are already in the Indian Five Year Plan and which are regarded as of a sufficiently high priority to be scheduled for early execution. It would, I think, be quite unreasonable for us to require such funds to be used on projects which are outside the Plan (or which come later in the Plan), especially if we are not prepared — as we generally are not — to meet the *entire* external and internal costs of such projects. We should then be making the Indians divert some of their own limited development resources to projects which they did not regard as sufficiently important or urgent. Even in the unlikely event of our being willing to cover the whole costs of such "new" projects, I think the Indians would have strong objections to such a course from a political (and "planning") point of view. In any case, the understanding is that the projects to be assisted shall be ones agreed with the Government of India within the current phase of the Five Year Plan.

In these circumstances, it would seem pretty clear that the "real" economic effects of supplying goods which yield counterpart funds (apart, of course, from the usefulness of the goods themselves) should be judged not so much in relation to individual projects as in relation to the progress of the development programme as a whole. The theory is that such counterpart funds, by increasing the availability of resources to the Government of India's Special Development Fund (and not merely to the current governmental budget), make possible a corresponding acceleration of the country's economic development without additional inflation. That, I think, is the effect which our counterpart funds (and those of other countries) have in fact been having. Expenditures by the Indian Government on economic development are probably greater than they would otherwise have been by something like the amount of the counterpart funds. (That is not, of course, to say that the progress of the Five Year Plan is ahead of schedule. As you know that Plan always envisaged a good deal of foreign assistance — in fact somewhat more than has been forthcoming — to help in meeting internal as well as external costs).

In comparison with this main objective of influencing the general rate of economic developments, the allocation, or attribution, of our counterpart funds to particular projects does not have very much, if any, economic significance. It is largely a matter of choice on the basis of such considerations as:

(a) the extent to which the association of Canada's name with the project (given its type, technical and administrative soundness, location, etc.) will have an immediate and lasting favourable impact on some sections or other of the Indian people — without, of course, detracting from the part which is being played in the project by the present Indian Government whose position we are anxious to maintain and strengthen;

(b) the degree of nominal participation by Canada which is required in order to have the best effect. (Ten per cent might go unnoticed. A somewhat larger percentage — especially if combined with Canadian-made equipment — might lead to its being identified for all time as a "Canadian", or "Canadian-Indian", project;

(c) the interest which participation in the project might be expected to arouse in Canada; and

(d) the problem of securing statements of expenditures attributable to our counterpart funds which will be satisfactory to the Canadian Auditor General (see his latest report); a problem which might be considerably more manageable for a few well-run projects than for a large number of scattered ones.

From all these points of view, I think Mayurakshi is a pretty good (even an excellent) project to which to attribute something like the amount of counterpart funds so far allocated to it — and possibly some more. I also doubt that it is more likely than any other project which would be eligible for our counterpart assistance (in the sense of being included in the Five Year Plan with a high priority) "to go ahead to completion as rapidly if we do not aid it as if we do." Equally, so long as we are reasonably satisfied with the project, I do not see that we should be too worried at the possibility that such action may "spare funds for other projects in regard to which we will have neither influence nor association" — since this, too, would be true to the same degree of any other "eligible" project which we might take under our wing.

Even if you accept all — or most — of this, you may still feel that more should have been said in support of this recommendation in the Cabinet memorandum. I shall not take refuge in the frequent exhortations which we have received from Ministers and others to keep our submissions short, although I must say that it would take a pretty formidable memorandum to explain fully the significance (or mystique) of allocating counterpart funds. Since this was a memorandum addressed to Cabinet, I shall also not make too much of the fact that the original Cabinet decision of September 12, 1951 had envisaged that these particular counterpart funds would be used by the Indian Government in consultation with Canadian *officials* (as noted in the opening paragraph of the memorandum of February 16, 1954). Ministers have been given a good deal of information about counterpart fund operations in memoranda relating to various projects over the past two or three years and they have become fairly familiar with the Mayurakshi project in particular as a result of earlier discussions about both equipment and counterpart

funds. Moreover, the proposal dealt with in the memorandum to Cabinet had been discussed at some length (and agreed) interdepartmentally and no doubt the Ministers primarily concerned had been consulted (and briefed) by their officials. Since the action being recommended to Ministers was primarily in the nature of a confirmation of this interdepartmental understanding, and was in keeping with the decision of January 1952 concerning the first $10 million, the memorandum seemed adequate for the purpose. In the future, we can, of course, attempt to make our presentations more detailed and thorough if that is thought desirable.

In case you may feel that we have not been giving enough attention to the intricacies of the counterpart fund arrangements, I attach a copy of an exchange of correspondence† which we have had with the Auditor General on the subject. Since you may also wonder whether we are concentrating solely on Mayurakshi as a matter of convenience and are not being alert to the possibilities of other projects, I would draw your attention to despatch No. 1103 of October 29, 1953 from New Delhi and in particular to paragraphs 13-17 of the enclosure (copy attached).† Finally, in order that you may have a comprehensive summary of the present position in respect of both capital equipment and counterpart funds, I am attaching a memorandum of January 14, 1954 with accompanying tables.†[46]

Yours sincerely,
A.E. RITCHIE

416. DEA/11038-1-1A-40

Le haut-commissaire en Inde
au sous-secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Under-Secretary of State for External Affairs

LETTER NO. 355 New Delhi, March 30, 1954

CONFIDENTIAL

COLOMBO PLAN: COUNTERPART FUNDS

The Indian authorities have once again drawn to our attention the problem arising from the counterpart fund arrangements which governed the provision of $5 million worth of Canadian wheat to India in 1952-53. Our records show that the Indian High Commissioner in Ottawa was instructed, in October 1952, to raise this problem with you. We are also under the impression that the problem may have

[46] Voir Canada, Ministère des Finances, *Comptes publics du Canada pour l'année financière close le 31 mars 1953 et Rapport de l'Auditeur général*, Ottawa: Imprimeur de la Reine, 1953, pp. 13-14. See Canada, Department of Finance, *Public Accounts of Canada for the Fiscal Year ended March 31, 1953 and Report of the Auditor General*, Ottawa: Queen's Printer, 1953, p. 14.

been mentioned in a wider context to Messrs. Deutsch and Ritchie when they visited New Delhi last autumn.[47]

2. The substance of the Indian difficulty is, briefly, as follows. As part of our 1951-52 Colombo Plan programme Indian received a $10 million gift of Canadian wheat. This wheat was purchased at International Wheat Agreement prices and agreement was reached between the Canadian and Indian authorities that counterpart funds would be established in respect of the wheat in an amount equivalent to the Canadian purchase price of $10 million. The same counterpart fund arrangements applied to the subsequent Canadian gift of $5 million worth of wheat under the 1952-53 programme of aid to India. However, in this case we stipulated that the wheat should be purchased outside the International Wheat Agreement.

3. The Indian authorities claim that India's remaining wheat requirements in 1952-53 were procured under the International Wheat Agreement at a price of $1.80 per bushel. The gift wheat from Canada, which was based on a price of $2.17 per bushel, was added to the general pool for sale in the Indian market. The result was that the sales proceeds from this wheat were less than the price at which the wheat had been procured in Canada and a Government of India subsidy was required to bring the relevant counterpart fund up to the level stipulated in the earlier understanding between the Canadian and Indian Governments.

4. Apparently the Indian audit authorities have questioned the procedure under which credits have been made to the Special Development Fund in respect of our 1952-53 wheat gift in an amount higher than that which was realized from the sale of the wheat by the Government of India. The Indian authorities are hoping, therefore, that it will be possible for us to review these counterpart fund arrangements in an effort to see if something can be done to meet their position. They have suggested that our more recent understanding that counterpart funds for Canadian equipment would normally be credited at the "international market" price might provide an analogy for the procedure they are advocating in the case of the 1952-53 wheat. This is not, of course, a strictly valid analogy since the International Wheat Agreement price is, to all intents and purposes, a preferential price. However, you may be prepared to accept the selling price fixed by the Government of India for this wheat in the domestic market (which would presumably be somewhat higher than the I.W.A. price) as an appropriate price for counterpart fund purposes. This would at least eliminate the accounting problem of a Government subsidy for wheat supplied to India under the Colombo Plan.

ESCOTT REID

[47] Note marginale :/Marginal note:
Not to my knowledge. A.E. R[itchie]

417. DEA/11038-1-1A-40

Le sous-secrétaire d'État aux Affaires extérieures au haut-commissaire en Inde

Under-Secretary of State for External Affairs to High Commissioner in India

LETTER E-296 Ottawa, April 23, 1954

CONFIDENTIAL

Reference: Your letter No. 355 of March 30.

COLOMBO PLAN: WHEAT COUNTERPART FUNDS

We are not aware of any talks while Messrs. Deutsch and Ritchie were in New Delhi concerning the possibility that, in determining the amount of counterpart funds required, wheat supplied by Canada under the Colombo Plan should be valued at the I.W.A. price, or the price actually received by the Indian authorities, rather than at the higher Class II price.

2. You will be familiar with the letter of Jan. 17, 1952 from Mr. Heeney to Mr. Saksena which indicated the general terms on which wheat would be provided. That letter proposed that deposits into the counterpart fund account would be "the rupee equivalent of total expenditures by the Canadian Government in respect of wheat supplied to India". The letter went on to recognize that "as the Indian Government is under no obligation regarding the price at which the wheat is distributed in India, receipts by the Government of India of the proceeds of sale of the wheat, after taking into account costs of ocean transportation and other costs incurred by the Government of India, will not necessarily be equal in value to the expenditures made by the Canadian Government". These terms were accepted by Mr. Saksena on behalf of his Government in a letter of February 25.

3. In connection with the subsequent request for a further $5 million worth of wheat, Mr. Saksena indicated in a letter of August 19, 1952 that "his Government desires that this should not be in addition to purchases made under the International Wheat Agreement, as was the case last year, but should form part of it". In our reply of September 15, we informed the High Commissioner that, in deciding to make available the amount of wheat requested, the Canadian Government had specified that "the quantity of wheat procured with this amount of money is to be outside the International Wheat Agreement and additional to any amount which India may be purchasing from Canada under that Agreement".

4. In the light of these various exchanges, we would not think it appropriate to alter at this stage the basis on which counterpart funds should be calculated. In any discussions which you may be having with the Indian authorities on this subject, you might wish to make the following points:

(a) since the wheat provided by Canada to India under the Colombo Plan was supplied on a grant basis and not imported commercially by the Indians, it was not

considered appropriate to count it against India's import obligations (or Canada's export obligations) under the I.W.A.;

(b) in view of the fact that these transactions did not appear to qualify for inclusion within the I.W.A., the Canadian Wheat Board had no alternative but to charge Class II (or non-I.W.A.) prices;

(c) the Canadian Wheat Board was, in fact, paid at those prices;

(d) as indicated by the correspondence referred to above, the Indian authorities were aware of the situation and accepted the wheat on this basis;

(e) there is no similarity between these transactions and those involving the locomotives or the Mayurakshi electrical equipment where Canadian prices appeared to be high in relation to prices from other sources. As you will be aware, the Canadian Class II price for wheat compares favourably with any "world market price" for wheat outside the I.W.A.

(f) as we pointed out in our letter of January 17, 1952, it is no affair of ours if the recipients of Canadian wheat under the Colombo Plan choose to subsidize their distribution of wheat for domestic reasons;

(g) the arrangements for India are the same as those made for Pakistan which is also being required to credit Colombo Plan wheat for counterpart fund purposes at the Class II price;

(h) insofar as the counterpart funds resulting from these wheat transactions are devoted to projects scheduled for execution currently under the five-year plan, the Indian problem appears to be entirely a bookkeeping one without real economic (or even budgetary) significance;

(i) apart from the question of principle mentioned in (a) above, and apart from the fact that the Indian authorities had accepted Canadian wheat on the proposed terms, the alteration of the arrangement at this stage after the transactions have been completed and entered in our books would present problems for us from an accounting and auditing point of view which would be at least as serious as those which are troubling the Indian authorities.

5. In the light of all these factors, we are not inclined to request other Departments here to reconsider the arrangements already made with the Indian authorities. We would hope that, in the circumstances, the Indian Government would not press the matter further.

6. Incidentally, in the light of your letter, we were somewhat puzzled by the first change which the Indians proposed in the press release concerning Canadian aid to the Mayurakshi project as reported in your telegram No. 135 of April 22.† You will recall that the original draft of this release referred to agreement on the proposal of the Indian Government that additional counterpart funds "arising from" Canadian aid be allocated to Mayurakshi. This was revised to refer to counterpart funds "raised out of" Canada's economic assistance to India. We trust that this alteration was not intended to limit counterpart funds to the actual proceeds received by the Indian Government from the sale of the wheat. This would be an interpretation

which would not be acceptable to us for the various reasons indicated earlier in this letter.

A.E. RITCHIE
for Acting Under-Secretary of State
for External Affairs

[P.S.] Incidentally, with reference to paragraph 2 of your letter, our records indicate that both the 1951/52 and 1952/53 shipments were made at Class II (non-IWA) prices.

418. DEA/11038-1-40

Le haut-commissaire en Inde
au sous-secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Under-Secretary of State for External Affairs

LETTER No. 603 New Delhi, June 9, 1954

CONFIDENTIAL

Reference Your Telegram No. 108 of March 18.

COLOMBO PLAN: AID PROGRAMME FOR 1954-55

The Indian authorities have now submitted to us three major projects for which they would like assistance from Canada under the auspices of the Colombo Plan. The Indian proposals are based on recommendations by the Planning Commission and carry the concurrence of the Minister of Finance.

2. As you know, approximately $10 million of Canadian aid funds has already been committed toward the completion of our locomotive procurement programme which was initiated during the preceding fiscal year. The balance of the programme, on the basis of the Indian proposals, might be made up as follows:

1954-55

Chambal Project: generating plant and equipment (three units of 23,000 KW each). $4,000,000

1955-56

Chambal Project: equipment for substations in Madhya Bharat and Rajasthan. $4,000,000

Small Thermal Power Sets and equipment for local transmission and distribution schemes. up to $5,800,000

Rihand Project: generating plant and equipment (three units of 40,000 KW each). $5,000,000

3. The Indian authorities have, as you will note, submitted a programme which would extend over the next two years. This period is co-terminous with the remaining period of operation of the current Five Year Plan. A two-year programme along

the lines suggested would, therefore, facilitate the task of the Indian planners in formulation the balance of their own development programme. It would also have the advantage of ensuring that the various items of generating and transmission equipment will be available when required.

4. Needless to say, the Indians are fully aware that funds for Canadian participation in the Colombo Plan are appropriated from year to year. They have suggested, however, that it might be possible for us to obtain approval in principle for a two-year programme subject to the necessary funds being voted by Parliament. This was, of course, the procedure we adopted in acceding to the Indian request for 120 W.P. type locomotives last year.

5. Even if the formulation of a two-year programme at this stage were acceptable to the Canadian Government (and I think that this approach to long-term planning has much to recommend it), it would seem that the programme proposed by the Indians is likely to absorb funds in excess of those which are normally allocated to India under the Colombo Plan in any two-year period. If we assume that about another $10 million will be required to complete the provision of 120 steam locomotives to India,[48] and if we also assume that the price estimates included in the Indian proposals are reasonably close to the actual cost of the equipment in Canada, the aggregate of our contribution to India during 1954-55 and 1955-56 would be $28.8 million. This is about $1.5 million more than, on the basis of past experience, we are likely to have available for expenditure in India.

6. It may, however, be that the Indian estimates are higher than prevailing prices for this type of equipment in Canada.[49] It is also possible that the Government may find itself in a position to increase the appropriation for economic aid under the Colombo Plan in 1955-56. In the absence of either of these factors the Indians themselves have suggested that we treat the figure of $5.8 million for the provision of thermal power sets as a maximum figure, and that we select only as many of the small town and rural electrification projects as can be financed within the amount which will be available to India. We might also, at least until the end of this year, leave ourselves an uncommitted margin of about $1 million which we could, if necessary, devote to the small industries programme and the Delhi milk supply project (see paragraphs 16 and 17 below). This formula would, I think, make it possible for us to agree in principle at this stage to the Indian proposals as a whole.

7. If we decided to deal with the Indian proposals successively, the Chambal Project should probably be given the highest priority. It is our understanding that the excavation work for the dam foundations is already under way. We have also been told that the specifications for the generating plant and equipment were recently completed by the Central Water and Power Commission and that a final project report is now in active preparation. Copies of the specifications and the project report could be made available to us at an early date. In the meantime work has

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[48] Note marginale :/Marginal note:
Closer to 11 million now [O.G. Stoner]

[49] Note marginale :/Marginal note:
This of course we cannot say until we see list of desired equipment. [O.G. Stoner]

been started on the drawing up of the designs and specifications for the grid sub-stations.

8. You will recall that the possibility of Canadian aid for the Chambal Project was first raised with us in the spring of 1953 when Mr. Cavell had an opportunity of discussing the project at an official meeting of the Planning Commission. Since that time much progress has been made and there is every evidence that the Government of India considers it to have a very high priority among the major multi-purpose projects now under construction. The cost of the project is now estimated at about 100 million dollars (Rs. 52 crores against an earlier estimate of Rs. 33.75 crores). It is expected that, on completion, the project will irrigate a total area of 1.2 million acres, about half of it in Madhya Bharat and the other half in Rajasthan. The additional foodgrain yield expected is of the order of 400,000 tons annually.

9. The United States Government agreed last year to make available $1,669,873 worth of construction equipment for the project. This contribution was matched by an Indian undertaking to spend about 2 million dollars (Rs. 1 crore) on initial construction work. I understand that additional United States funds are likely to be allocated to the Chambal Project for the procurement of construction equipment and supplies. On the other hand, we have been assured by the United States Technical Co-operation Mission that they have not been asked to contribute to the hydro-electric side of the project and that they do not propose to offer such a contribution on their own initiative.

10. The next highest priority after Chambal is assigned by the Indians to the provision of thermal power sets and equipment for the small town and rural electrification project. This project forms part of the recent expansion of the Five Year Plan and was formulated specifically to provide additional employment in the rural sector. The small thermal and diesel generating units which we have been asked to supply would serve to meet the needs of cottage and small-scale industries and would also be used to activate pump sets for irrigating and draining agricultural land. The project is intended to cover five states and would thus have the advantage of spreading the Canadian contribution over a wide geographical area without any concomitant problem of implementation or supervision.[50]

11. The Rihand Valley Development Project in Uttar Pradesh is not yet sufficiently far advanced to permit the drawing up of detailed specifications for the hydro-electric equipment which might be provided by Canada. The project involves a total cost of about 70 million dollars (Rs. 35.2 crores); of this about Rs. 32.93 crores is expected to be spent by March 31, 1957. The foreign exchange cost is estimated to be about 47% of the total cost and this makes Rihand an attractive and suitable project for external assistance. The United States Government has already undertaken to contribute $11 million in the form of construction plant, equipment and supplies as well as technical services. The Indians for their part agreed to match the United States contribution by setting aside about 33 million dollars (Rs. 16.69 crores) for internal expenditure on the project.

[50] Note marginale :/Marginal note:
Why not? A.E. R[itchie]

12. On completion the Rihand Project is to have an installed capacity of 240,000 KW. Only half this capacity is envisaged for the first phase of the project. Some of the power thus made available will be used for a wide range of basic industries in the area to be served by the project. Power from the Rihand Valley Development will also be used to irrigate about 1.6 million acres from close to 4,000 tubewells which either have been or are expected shortly to be constructed. A further 450,000 acres are expected to be irrigated in the neighbouring state of Bihar. The aggregate increase in foodgrain production is estimated to be about 600,000 tons annually.

13. I attach for your information one copy each of the following documentation which is relevant to the Indian proposals:

(a) Extract from the 1952 project report on the Chambal Project comprising an analysis of the irrigation and power aspects of the project (the full report is, I think, in Mr. Cavell's hands);

(b) Draft project statement on the supply of plant and equipment for small town and rural electrification;

(c) Operational Agreement No. 20 of March 29, 1954, between the Governments of India and the United States on the project for Rihand Valley development.

14. You will note that the draft statement on the provision of small thermal power sets was obviously drawn up for submission to the United States Technical Co-operation Mission. The Indians did not, of course, suggest to us that any of their proposals had previously been referred to other donor governments and agencies or might still be under consideration in other quarters. However, we were able to confirm that an identical request for thermal power sets had, in fact, been addressed to the Americans. The Americans had also at one time been asked to undertake an advance commitment to provide the hydro-electric equipment for Rihand but had declined to do so until the project had moved off the ground.

15. The Ministry of Finance seemed a little taken aback when we suggested that the cause of using foreign aid to full advantage might have been served better if we had at least been told that some of the projects proposed for Canadian participation had also been submitted to the Americans. Mr. Prem Narain of the Ministry of Finance thought that the request for thermal sets had not been met by the United States Technical Co-operation Mission (the fact is that they have not yet had an opportunity of considering it) and that any earlier request for hydro-electric equipment for Rihand must surely have been premature. Be that as it may, it is our understanding that the Americans would have no objection to our going ahead with either project provided we keep them informed. I propose to confirm this understanding by writing to the United States Ambassador.[51]

16. It is possible that, at a later date, a request may be directed to us to contribute to the Delhi milk supply project and it is partly for that reason that I suggest that we keep until the end of this year about $1 million of the 1954-55 appropriation uncommitted. We have been informed that the Delhi milk supply project is now being worked out in detail by the Central Ministry of Food and Agriculture and that

[51] Note marginale :/Marginal note:
When? [A.E. Ritchie]

an advisory board, comprising representatives of the Ministry of Finance, the Planning Commission and Delhi State, has been constituted for this purpose. Evidently the Central Government is prepared to meet all the internal costs of the project and is thinking of using Colombo Plan aid for the purchase of dairy machinery and equipment. We might wish to provide some of this as well as provide counterpart funds and, possibly, the services of an expert and facilities for training Indians in Canada in the field of dairy development.[52]

17. It is also possible that, at a later date, we may be asked to contribute to the Small Industries Programme. I am writing you separately about recent developments.

18. I do not know if the Indian proposals in their present form are formulated in sufficient detail to enable you to reach a decision in principle on the projects put forward for Canadian assistance. Supplementary documentation on the Chambal and Rihand projects is in preparation and will, of course, be made available to us as soon as it is completed. In order to hasten the preparation of material and facilitate its consideration by the Colombo Group you might wish to have a senior Indian official come to Ottawa to present the proposals. This could no doubt be arranged at relatively short notice.[53]

ESCOTT REID

419. DEA/11038-1-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire en Inde

Secretary of State for External Affairs to High Commissioner in India

DESPATCH E-469 Ottawa, July 6, 1954

CONFIDENTIAL

Reference: Your letters Nos. 651 of June 21† and 603 of June 9.

COLOMBO PLAN AID PROGRAMME FOR 1954/55

At the last meeting of the Colombo Group held on July 5, consideration was given to the programme for India for 1954/55. The minutes of this meeting have not yet been completed, but when they are available you will see that prior to the discussion of the Indian programme, the Group gave general consideration to the future scope of our Colombo Plan operations. Whilst the possibility of suggesting

[52] Note marginale :/Marginal note:
That would be of considerable interest to agriculture. [O.G. Stoner]

[53] Note marginale :/Marginal note:
Although it is a sizeable task of production, I think one copy of all documentation should go to each member of group. Could these projects then be discussed at next Group meeting. Escott [Reid] and the Indians may be too low in their figure (para 5) of $10 M[illion] for the locomotives. May we discuss? O.G. S[toner]

to Ministers an increase in the amount of funds to be made available in the next couple of years was by no means ruled out, it was felt that it would be prudent to proceed in our planning on the assumptions that roughly the same amounts would be available for the present three recipient countries. On these assumptions, we should consider that for 1954/55 approximately $13 million will be available for India, approximately $9 million for Pakistan and approximately $2 million for Ceylon. A memorandum will be sent to our Minister which will enable him to discuss with his colleagues in advance of the Consultative Committee meeting in September the considerations which affect the assumptions on which our Colombo Plan programme is based.[54]

2. On the basis of negotiations with the manufacturers here in Canada, it now appears that about $10.4 million of this year's appropriation for India will be required to complete the procurement programme for the 120 steam locomotives. This would mean that about $2.5 million would remain for allotment in 1954/55.

3. The projects put forward in your letter No. 603 were carefully reviewed by the Group, and the comments and suggestions which you made in that letter were most helpful. For a variety of reasons there was an apparent lack of enthusiasm for Canadian participation in the Chambal project. Mr. Cavell, during his last visit, was not impressed with the development and the management of this scheme. Moreover, it is one in which we would share responsibility with the United States, and it is not clear whether there is a separate or independent portion of the project for which Canada could assume full responsibility. Although we understand that the first phase of the Chambal project is included in the Five Year Plan, could you tell us whether all those aspects of the project in which the Indians envisage Canadian participation are also included in the Five Year Plan? It was also felt that on the basis of past experience, the prices which the Indians had quoted, particular for the generating plant, would be substantially below the corresponding prices in Canada; and this would have the effect of making the Indian request for assistance in 1954/55 to Chambal greatly in excess of the amount of funds which remain for India for this fiscal year. We, of course, have not closed the door on the Chambal project and we are mindful of the priority which the Indians themselves attach to this project. It is necessary that further documentation should be made available on this project before a final decision is taken, but we thought it best to let you know for your own information the lack of enthusiasm which marked the Group's discussion of this project.

4. The provision of small thermal power sets would in many ways be a model Colombo Plan operation. It would have the effect of stimulating local industry and it has a very obvious political appeal. Tangible proof of Canadian assistance and the cooperation of the Central Indian Government would be spread to a wide variety of communities. There are also encouraging signs that Canada might be able to compete reasonably favourably with world prices in the provision of both thermal and diesel power units. This project would introduce a flexible element into the Canadian programme which might be very helpful to us in our planning both for this

[54] Voir/See Document 394.

year and for future years. For these reasons, the Group were inclined to look favourably at the possibility of providing a *few* "package" units which could perhaps include a standardized power generating unit, a certain amount of pole-line equipment and perhaps certain industrial raw materials that could be used by the Indians to manufacture transmission lines, etc.; we propose to obtain as soon as possible from Canadian manufacturers quotations for this equipment and an indication of the amount of time they would require to supply it. It would be helpful for us if, whilst these aspects are being studied in Canada, you might give consideration to the priority which might be established between various communities to which the Indians referred in their documentation of this project. We would also like to know what arrangements would be made between the central and the various provincial or municipal authorities for the distribution of these units and whether there would be any counterpart funds generated.

5. In the consideration of the Rihand project, there appeared to be many of the same objections which exist for Chambal. In the light of the information in your letter No. 651 of June 21, we are convinced that we should proceed with the greatest caution in this project.

6. The Group was interested in the developments in the small scale industries programme in India, but it was felt that a closer study would have to be made before any decision could be taken about Canadian participation. When the Group has had an opportunity to review thoroughly the report on small industries, there may be merit in asking Dr. Ensminger to visit Ottawa. It is conceivable in the light of his own timetable that it might be possible to have Dr. Ensminger in Ottawa briefly about the time that the meetings of the Consultative Committee will be held.

7. Canadian participation in the Delhi milk project still appears subject to numerous objections, most of which we have expressed to you in earlier despatches. We are apprehensive that a certain number of domestic political difficulties may be inherent in this scheme, and there is some doubt that it is sufficiently closely related to economic development. We appreciate that no formal request has as yet been made for the Delhi milk supply, but in any preliminary discussions you may wish to bear in mind those objections which we foresee. You might at some stage usefully enquire to what extent the Indians consider that this project might be undertaken by private commercial interests.

8. The comments in this letter are of an interim nature, since no decisions have as yet been taken about any of the projects. We are by no means categorically opposed to the Indian suggestion that a two year programme should be considered, but in view of the lack of enthusiasm for Chambal and Rihand, the need for such forward planning may be reduced.

9. When you have had an opportunity to consider both the points raised in this despatch and the minutes of the last Colombo Group meeting, you may wish to comment on the trend which is developing in our consideration of the future programme for India. It may be useful at some stage for a senior Indian official to visit Ottawa to present proposals. However, at this moment such a visit would probably

be premature, since we require more information and study before we are in a position to evaluate the new proposals accurately.

A.E. RITCHIE
for Secretary of State
for External Affairs

420. DEA/11038-1-40

Le haut-commissaire en Inde
au ministre des Finances de l'Inde

High Commissioner in India
to Minister of Finance of India

New Delhi, July 17, 1954

Dear Mr. Deshmukh,

During the remaining two years of the first Five-Year Plan, Canadian aid already authorized to India in the form of industrial raw materials and steam locomotives is expected to generate more than $17 million worth of rupee counterpart funds. The Umtru project will absorb a little over $2 million of this, leaving a balance of about $15 million for allocation to other development projects in India.

Your officials have recently proposed that our available counterpart funds be used for certain medium-sized irrigation projects. The projects proposed for Canadian aid were Bhadra in Mysore, Matatila in Uttar Pradesh, Musi in Hyderabad, Vaigai in Madras and Ghod in Bombay. Two of these projects, Bhadra and Matatila, are already under construction but I assume that any aid from Canadian counterpart funds could be directed to those phases of the projects on which expenditures have not yet been incurred. The aggregate cost of the five projects is about $57 million.

I understand that all five projects are located in areas affected by chronic scarcity, that they are intended to produce more food and to create more employment, and that the Government of India has specifically expanded the Five-Year Plan to include them and proposes to proceed with their construction on a priority basis. On the other hand the estimates which we have been given by your officials indicate that the annual value of these projects is proportionately well below the estimate which you have given us for the Mayurakshi project in West Bengal. Your estimate was that this would yield annually food of a value equivalent to half the capital outlay. Our publicity in Canada about the Mayurakshi project, to which in all about $20 million of Canadian aid has so far gone, has laid great emphasis on this estimate. We have pointed out that every two dollars of Canadian money put into Mayurakshi will every year produce one dollar's worth of foodstuffs for the Indian people.

This does not mean that it would not now be possible for us to convince Canadians who have an interest in India's economic problems of the economic importance

to India of the five medium-sized irrigation projects which your officials have put up to us. The task, however, would, I think, be more difficult for these projects than for other high priority projects in India to which Canadian counterpart funds might be devoted. It is not only that we have emphasized in our publicity on Mayurakshi the size of the return on the investment, but that Canadians who are interested in the problem may also have been impressed by the view of some writers on the subject that smaller irrigation projects as a general rule should yield a greater return than larger ones such as Mayurakshi.

I do not rule out the possibility that the Canadian authorities may agree that some or all of the available counterpart funds should be devoted to medium-sized irrigation projects but because of the considerations set forth above I hope that it may be possible for your Ministry to submit to us for consideration a number of other projects to which Canadian counterpart funds could be devoted so that the Canadian authorities may have a wider choice.

In giving thought to this question you will, I know, wish to keep in mind certain broad political considerations as well as the more obvious economic considerations affecting counterpart fund aid.

What I mean by broad political considerations is that among projects of equal economic importance some are more likely than others to appeal to the imagination of the Canadian and Indian people. Some are more apt than others to increase public support in Canada for the Colombo Plan. Some are more helpful than others in achieving the desire of your Government that the people of India realize that through the Colombo Plan they are brought "into cooperative effort" with the other Colombo Plan countries. Basically, I think, it is the concept of Indian-Canadian partnership which it should be our aim to foster. This means, I suggest, that as a general rule a project should have an identifiable and substantial Canadian content and an identifiable and substantial Indian content so that it may become known as an Indian-Canadian project.

The purely economic considerations have been set forth many times in discussions between our two Governments. They apply, broadly speaking, in equal measure to direct Canadian aid in the form of equipment and commodities and to indirect Canadian aid from counterpart funds. Briefly, they are that Canadian aid should be devoted to projects within the Five-Year Plan to which the Indian Government attaches a very high economic priority. These projects should be calculated to increase the production of goods and services in India and, by extension, to stimulate the development of the Indian economy as a whole. The Indian authorities should be convinced that there is a every reasonable assurance that the projects will be carried out speedily and efficiently and that they will result in enduring monuments to Indian-Canadian cooperation and friendship.

These general economic considerations apply, I think, to every development project in which Canada participates directly or indirectly in India. To these must be added, in the case of counterpart fund aid, the overriding consideration that counterpart funds add to the rupee resources at the disposal of the Government of India and, as such, help to ensure that the economic development programme can move forward without imposing undue strains on the Indian economy as a whole.

In addition to the broader political and economic considerations on which it is desirable that Canadian aid from counterpart funds should be based, there is a question of accounting to which the Canadian authorities attach great practical importance. For each project to which Canadian counterpart funds are allocated the Canadian authorities require audited statements of disbursements which will be satisfactory to the Canadian Auditor-General. These statements complement similar audited statements of counterpart fund credits which arise from Canadian aid in the form of commodities or equipment.

I do not wish, by making suggestions on the kind of projects that might be most sympathetically received in Ottawa, to appear to desire to limit in any way your freedom of choice. I know, however, that apart from the construction of medium-sized irrigation projects the Canadian authorities concerned have in the past expressed an interest in the use of Canadian counterpart funds on the development of small-scale industries, on the establishment and improvement of Indian technical and other training institutions, particularly for medium and low-grade technicians, and on the expansion of the fishing industry and fishermen's cooperatives.

In the past Canadian counterpart funds have been used entirely on one project, the Mayurakshi Project. Into this project about $17 million of Canadian counterpart funds have gone. There are obvious administrative advantages in putting all the money available into one high priority project. But it may be that the political considerations which I have attempted to set forth above might make it desirable to use the counterpart funds which will become available during the next two years either on up to half a dozen projects in various parts of India or on some such broad programme as that proposed for the development of small industries from which benefits would accrue to various localities and regions of India.

If there were in many parts of India schemes which Canada had helped to finance, it might be easier for the Canadian people to come to feel that they were playing a part in your great nation-wide enterprise of increasing production in India and so raising the standard of living of the Indian people. It would also have the advantage that people in many parts of India would be able to see with their own eyes evidence of the goodwill of the people of Canada to the people of India and of the extent to which the people of Canada are prepared to convert this goodwill into concrete and practical efforts to help the Indian people to attain their objectives of economic development.[55]

Yours sincerely,
ESCOTT REID

[55] Les ministères des Finances et des Affaires extérieures ont approuvé cette lettre avant de l'envoyer. This letter was approved by the Department of Finance and the Department of External Affairs before it was sent.

421. DEA/11038-1-40

Le haut-commissaire en Inde
au sous-secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Under-Secretary of State for External Affairs

LETTER NO. 839 New Delhi, August 6, 1954

CONFIDENTIAL

Reference: Your Despatch No. E-469 of July 6, 1954

COLOMBO PLAN AID PROGRAMME FOR 1954-55[56]

It would, I think, be unrealistic to expect that, as the Indian Five Year Plan moves into its penultimate year of operation, the choice of projects which meet all the conditions of eligibility for aid from abroad remains unlimited. Even as early as the spring of 1953 we found it difficult to evolve a programme which would absorb the funds available to India under our Colombo Plan appropriation. Since that time the pace of investment in the economic development programme has been measurably accelerated and I doubt if there are, in fact, many projects which are included in the current Five Year Plan and on which a start remains yet to be made.

2. In transmitting to you the proposals made by the Indian Government I did so under the impression that the projects proposed for Canadian aid were, by and large, sound and that we could participate in them to good advantage. They are projects which are immediately productive and which belong to that broad range of development schemes which has been described in the July 10 issue of *The Economist* as the "economic infra-structure . . . on which the safeguarding of existing living standards for a growing population must depend". In the circumstances I was sorry to learn that, with the single exception of the small town and rural electrification schemes, the Indian proposals met with only modest enthusiasm on the part of the Colombo group.

3. As far as the Chambal and Rihand projects are concerned, the Indian authorities are now in a position to provide us with the basic background documentation which will enable you to assess the technical and administrative soundness of these projects. At the same time, I am asking the Indian authorities to reply in detail to the specific points on which the Colombo Group has requested further clarification. It is my understanding that Canadian participation in either project is envisaged by the Indians on the basis of responsibility for an entirely separate and distinct (and as such identifiably Canadian) phase of the project. As I pointed out in my previous despatch on this subject I share your anxiety that we avoid as far as possible any overlapping of Canadian and American spheres of responsibility for the planning and construction of the Chambal and Rihand projects.

[56] Note marginale :/Marginal note:
Mr Jay: I would appreciate your views on [my] observations at end of letter. P. B[ridle]

4. You will be glad to know that the Government of New Zealand is interested in contributing to the Delhi Milk Supply Project. This has been confirmed to us by the Ministry of Finance and by Messrs. McGregor and Webster, the two New Zealand officials who attended the recent policy session of the Council for Technical Co-operation at Colombo. In fact, we have been given to understand that because the scope for New Zealand aid to India was limited, the Ministry of Finance has for some time held the Delhi milk project in reserve for possible New Zealand sponsorship.

5. When Messrs. McGregor and Webster called on us, they agreed with us on the urgency of expanding the production of milk in a country where the national diet was so preponderantly composed of cereals. They were aware that a project of this nature was unlikely to be tackled by private commercial enterprise. It involves a substantial subsidy in the initial period of operation if milk is to be sold at prices which the consumer can afford. It also involves, of course, an element of control over the movement of cattle from urban areas which is unlikely to be available to a private producer. There are, therefore, social and economic aspects to a milk supply project in a country like India which make it more suitable for public than private management and operation. Mr. Sinclair, the Minister of Fisheries, who visited the Bombay Milk Supply project, would, I think, agree with this.

6. In view of the reluctance of the Ministry of Finance to request Canadian aid for the Delhi milk project and in view of your own reservations, we told Messrs. McGregor and Webster that, so far as we knew, the Canadian authorities would not wish to stand in the way of New Zealand participation in this project. We said that you were, no doubt, aware of the special contribution which New Zealand was likely to be in a position to make in this field and that, in any case, proposals had now been made to us by the Indian Government for a programme which would more than absorb the funds expected to be available for India in the two-year period 1954-56. To facilitate the task of the New Zealand team we showed them some of the more important documents which we have on our records concerning the Delhi milk project.

7. There is one further point which I should like to raise at this interim stage. You have indicated that, in principle, you would have no objection to the formulation of a two-year programme provided such a programme comprises an acceptable set of projects. At the same time, you have suggested that the Indian proposals as they now stand involve an expenditure of Colombo Plan funds which, in the most favourable contingencies conceivable, is unlikely to be available for expenditure in India. It is my impression that, if only for reasons of finance, we shall sooner or later have to drop the Rihand project whether or not the Americans decide to participate in it. I would recommend, therefore, that we give first consideration to the Chambal and rural electrification projects, leaving the Rihand project aside until we have a clearer indication of the cost of the balance of the programme and the proba-

ble size of the allocation to India. I suggest that we proceed on the same basis in our subsequent negotiations with the Indians.[57]

ESCOTT REID

422. DEA/11038-1-40

Le haut-commissaire en Inde
au sous-secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Under-Secretary of State for External Affairs

LETTER NO. 842 New Delhi, August 9, 1954

RESTRICTED

Reference: Our Transmittal Slip of August 2, 1954.†

COLOMBO PLAN: USE OF COUNTERPART FUNDS

We have now had a further opportunity of discussing with Mr. C.V. Narasimhan of the Ministry of Finance the type of projects which it may be useful for the Indian authorities to propose for assistance from Canadian counterpart funds.

2. It appears that the Nandikonda project, an immense irrigation project which is intended to benefit Andhra State and contiguous regions of Hyderabad, will require considerably more planning before it can be recommended for Canadian participation. The fact is that Nandikonda is only one of several possible projects on the Krishna River and the determination of a site is likely to require some delicacy in reconciling conflicting regional interests and pressures. No final decision on the site is expected for at least six months and we felt that, in the circumstances, there was little purpose in having the project submitted to us at this stage. Its implementation is, in any case, bound to fall largely outside the period of the current Five Year Plan.

3. As for the Kandla Port Trust Development, we pointed out again that, attractive as the project was from the point of view of Indo-Canadian co-operation, the question posed itself whether the project would continue to be justified on economic grounds if political relations between India and Pakistan were restored to normal. The Five Year Plan had stated that

"There is need for rectifying the consequences of Partition and providing a natural outlet for traffic previously catered for by Karachi. It is mainly for this reason that the development of Kandla as a major port was recommended by the West Coast Major Port Development Committee".

[57] Note marginale :/Marginal note:
The first paragraph of this despatch takes a line which perhaps needs to be carefully assessed in relation to previous reports from New Delhi so that its significance can be accurately reflected in the paper being prepared for the Colombo meeting on the question of increased Colombo Plan aid. P. B[ridle]
Noted for discussion at group meeting [O.G. Stoner]

Supposing, however, that in the course of time political and other differences between India and Pakistan subsided and a customs union between the two countries were set up. Would the Kandla port development still be an economic proposition or could, in that case, the needs of Northern and Northwestern India be adequately met by Karachi?

4. Mr. Narasimhan thought that the need for Kandla could be demonstrated even in the context of a customs union between India and Pakistan. Plans for the Kandla port development antedated Partition although it was true to say that Partition had accelerated the construction of the new port. But there was congestion in the west-coast ports of the Indian sub-continent and it was clear that the economic development of Rajasthan, in particular, would generate increasing pressure on existing port facilities. In any case, it was agreed that the Kandla project would be included in the Indian proposals for Canadian counterpart fund aid and that you would consider the suitability of this project in the light of all the available information.

5. The possibility of our being prepared to assist in the establishment of four regional institutes of technology to promote the development of small-scale industries in India was reiterated briefly in our conversation with Mr. Narasimhan. He undertook to draw up a brief note on this project in consultation with the Ministry of Commerce and Industry under whose aegis the small industries programme will be operated. It is our understanding that plans for the construction of the regional institutes are still very much in the embryonic stage. On the other hand, our counterpart funds will accumulate over a period of about two years and there is, therefore, no *a priori* reason why our planning of a programme of assistance from counterpart funds should not be projected forward over a similar period.

6. We suggested to Mr. Narasimhan that Canadian participation in the environmental sanitation programme was likely to meet most of the considerations set out in the High Commissioner's letter of July 17 to Mr. Deshmukh. The programme is being undertaken by the Government of India in conjunction with the United States Technical Co-operation Mission, which will supply equipment, and WHO, which will supply some of the required personnel. The rupee cost of the programme over a two-year period is estimated at roughly $24 million, of which one half represents the cost of the rural phase of the programme and the other half the cost of the urban phase. The purpose of the environmental sanitation programme is primarily to provide a safe water supply in villages and towns all over India. As a major contribution to public health in this country I imagine that the programme would have a considerable appeal to public opinion in Canada.

7. Since the New Zealand Government has now indicated that it is prepared to sponsor the Delhi milk supply project, we agreed that there was no purpose in retaining it on the list of Indian proposals for aid from our rupee counterpart funds. The project is likely to be implemented in three stages at a total cost of about $1.6 million. I assume that the New Zealanders will, as in the past, make an equivalent amount in pounds sterling available to the Indian Government to cover both local costs and the cost of equipment from abroad.

8. In so far as the fisheries project was concerned we again made it clear to Mr. Narasimhan that it was, of course, not our intention to initiate proposals. The rea-

son why we had mentioned the possible advantage of including a project in this field in our counterpart fund aid programme was that such projects had, in fact, been submitted to us on a previous occasion but had not been followed up. We were thinking, in particular, of the inland fisheries project in Orissa where it was at one time thought that Canada could make a worthwhile contribution, including some equipment and possibly the services of an expert or experts to help in the operation of fishermen's co-operatives. Mr. Narasimhan recalled our interest in this project and undertook to investigate whether there continued to be scope for Canadian participation in it. As you know, the United States Technical Co-operation Mission has contributed extensively to both deep-sea and inland fisheries projects in India during the past year.

9. The stage has now been set for Mr. Deshmukh to propose formally that we assist one or more of the projects which we have agreed may be suitable for Canadian aid from counterpart funds. Mr. Deshmukh's proposals will be accompanied by a brief description of each project put forward for our consideration. On the basis of your preliminary preferences it will then, I presume, be in order for the Indians to go ahead with the formulation of detailed project statements.

B.M. WILLIAMS

423. DEA/11038-1-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire en Inde

Secretary of State for External Affairs to High Commissioner in India

DESPATCH E-729 Ottawa, October 21, 1954

CONFIDENTIAL

COLOMBO PLAN — CONVERSATIONS WITH THE INDIAN DELEGATION TO THE CONSULTATIVE COMMITTEE MEETING

During the recent Consultative Committee meeting, officials in Ottawa had many opportunities to discuss with the Indian Delegation questions of special interest to Canada. We have already written to you with respect to the Umtru project. The purpose of this despatch is to summarize briefly other discussions that we had with the Indians about Canadian-assisted projects. I am also attaching to this despatch a copy of a letter sent to this Department by Mr. Cavell which reports on his meetings with Indian officials.

2. The Indian Delegation was (at least comparatively) a very strong one. Among the officials Mr. Narasimhan and Mr. Narain were, of course, quite familiar with projects which Canada was assisting or which had been proposed for Canadian assistance. The only exception to this was the biological control station project, which none of the Indian Delegation appeared willing or prepared to discuss.

3. There was some discussion about counterpart funds, and the Indians spoke about the allocation of the counterpart funds that remain as a result of the aluminum and copper supplied. You will see from Mr. Cavell's letter that they suggested several projects for these funds, most of which are known to you. We understand that Mr. Deshmukh on his return will make formal proposals to you about the allocation of the remaining counterpart funds, bearing in mind the points which emerged in the very useful exchange of letters between you and Mr. Deshmukh concerning the principles that should govern the use of counterpart funds.

4. The Indians were given the impression by Ottawa officials that the remainder of the 1954-55 programme might include the provision of small generating plants for Indian communities. The Colombo Group will probably recommend that funds be made available for this project in 1954-55; and it may well be that this is a project that could be usefully carried further in 1955-56.

5. In our discussions we were mindful of the observations which you have made from time to time about the Chambal project, and the Indians were given the impression that the possibility of Canada assisting in this project should not be excluded, particularly if there is a separate portion of the project which might be clearly regarded as suitable for a Canadian contribution. On the other hand, the Indian Delegation were informed that the likelihood of Canada assisting the Rihand project was very slight.

6. The Indian Delegation enquired about the possibility of securing additional quantities of commodities, presumably aluminum and copper. Although they were informed that a limited amount of commodity assistance might be available, they did not press this request. They may renew it again, however, with you on their return to New Delhi, when we could consider it more formally.

A.E. RITCHIE
for Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

L'administrateur de la Direction de la coopération économique et technique internationale du ministère du Commerce au chef de la Direction économique

Administrator, International Economic and Technical Cooperation Division, Department of Trade and Commerce, to Head, Economic Division

Ottawa, September 30, 1954

My dear Ed [Ritchie]:

We had a meeting with the Indians yesterday and the following points emerged.

1. *Umtru*

There are now virtually no outstanding points on Umtru so far as we and the Indians are concerned. Our Consulting Engineers are sending a man to Ottawa for further talks which will take place before the Indians leave, and subject to their Minister raising some point, which he is not expected to do, there is nothing more to be discussed on Umtru unless you have some points in your mind.

2. *Counterpart Funds*

The Indians think there are some two million dollars not allocated, and they suggest that we agree to these funds being applied to (1) a new port at Kandla; (2) technological institutes for cottage industries; (3) national sanitation; and (4) inland fisheries.

In our discussions we narrowed these suggestions down to (2) and (4) above, and personally I would be quite prepared to see all counterpart funds go into technological institutes, but I think first preference should be given to the needs of Umtru and any other such project into which we might enter in the future. For instance, if we set up a project for small power plants, each one will require a building and maybe some distribution lines, transformers, etc. Lines and transformers are made in India, and from our point of view it would be much better to apply counterpart funds in completing that part of the project which would not come from Canada.

In general, on the counterpart funds, as you know, we have already agreed with India that the lowest price at which they could have obtained equipment anywhere in the world shall be the basis for the setting aside of these funds, but even this general agreement leaves us with some problems. Should we take the lowest price to be any tender they received on any given item of equipment, or how should we arrive at a figure? Such things as escalation clauses, etc. could easily enter into final calculations, and my suggestion would be that on each project we gather as many facts as we can and then arbitrarily fix upon an amount in rupees which shall from then on be the counterpart funds generated by any given project. Such an arrangement now would prevent all kinds of arguments in years to come when we shall not be as familiar with details as we are now, when all kinds of new people will be dealing with this matter and other difficulties might have arisen.

So far as the Auditor General is concerned, whilst I am not very familiar with his activities, I would think that his only legitimate concern, if any at all, is the accounting for such funds and not fixing the amounts of them. That it seems to me is our business in the Policy Committee.

3. *Chambal*

It is more and more obvious that any contribution we make to Chambal will have to be integrated with contributions from other aid agencies. We have learnt by painful experience the headaches that this causes, and with this the Indians here entirely agree. My personal and very strong inclination is to keep out of such entanglements if possible, and that means leaving both Chambal and Rihand alone. Both are huge projects and our contribution would be relatively small and completely lost compared to that of F.O.A. or the Bank. Thus Canada would get no credit, but

that does not concern me nearly as much as the very great difficulty of fitting our contributions into that aid put up by much larger and more powerful agencies.

4. *Biological Control Stations*

We discussed this matter but the Indians have no details with them and it looks as if we must continue to work it out bilaterally by correspondence.

5. *Mayurakshi*

India is pressing us to accelerate our delivery on certain parts of the electrical equipment. We have done our best on this and it looks as if it simply cannot be done, and we so informed the Indians at the meeting. Of course we are still trying.

6. *Technical Assistance*

Mr. Narasimhan stated that from what little he had seen he was much impressed with Canada as a training ground and that upon his return he would advocate a change in their attitude towards training here.

7. *Small Generating Plant Project*

It was explained to the Indians that this was a project which appealed to us which we could do very readily, and they have agreed to get us more information concerning the overall plant required.

8. *Commodities for Next Year's Programme*

The Indians are anxious to continue the commodities programme into the next financial year, and we should consider this before they leave and if necessary discuss it with their Minister.

Yours sincerely,
NIK [CAVELL]

SECTION E

PAKISTAN

PCO

424.

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

Memorandum from Acting Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 108-54 [Ottawa], April 28, 1954

CONFIDENTIAL

COLOMBO PLAN — PROGRAMME FOR PAKISTAN 1953/54, 1954/55

During the financial year 1953/54, Cabinet approved assistance for the following projects in Pakistan in the amounts indicated:

(a) August 10—extension of aerial resources survey—$1 million[58]

(b) September 9—additional funds for Warsak Project—$3.5 million[59]

In addition, in May last, Cabinet agreed to the temporary financing from Colombo Plan funds of a second $5 million emergency gift of wheat to Pakistan to avert famine.[60] Following on approval by Parliament of the Final Supplementary Estimates, this amount has been reimbursed to the Colombo Plan fund.

The Government of Pakistan is now anxious to be informed of the decisions of the Canadian Government on the other projects which were formally put forward for Colombo Plan aid from Canada in 1953/54. The assistance requested was as follows:

(a) Provision of a thermal power plant for the Ganges-Kobadak Irrigation Scheme in East Pakistan.

(b) Provision of three or four small canal falls hydro-electric units for the Punjab Tubewell Drainage and Irrigation Programme.

(c) Provision of a 153-mile electrical transmission link between Dacca and the port of Chittagong in East Pakistan.

The possibility of Canadian aid for the Ganges-Kobadak Project and for the Punjab Canal Falls power development was raised in my memorandum to Cabinet of August 4, 1953, when it was recommended, and Cabinet agreed, that a Canadian engineer familiar with the construction of thermal power plants be sent to Pakistan to report on the feasibility of the Ganges-Kobadak scheme so far as the power component was concerned, and to draw up specifications for a suitable thermal unit; in addition it was decided that an engineer should investigate the proposed Punjab canal hydro-electric power units. In the meantime no decision was taken on the provision of the aid for these two projects.

A full engineering report on the proposed thermal power unit for the Ganges-Kobadak scheme has now been received from Mr. R. Hanright, Canadian consulting engineer, who has also submitted a report on the requested electrical transmission link between Dacca and Chittagong. The H.G. Acres Company has submitted a preliminary report on the Punjab Canal Falls hydro-electric schemes.

In the light of the engineering reports which have been received, further interdepartmental consideration has now been given to the question of providing the requested assistance to Pakistan for the three above schemes. These projects and the considerations affecting them as agreed upon on an interdepartmental basis at the official level are outlined in the Annex to this submission.

In addition, and in order to round out the 1954/55 programme of assistance for Pakistan, the officials concerned have considered the possible allocation of a further $2 million for the provision of equipment for the Warsak hydro-electric project. This project and previous Cabinet decisions with respect to Canadian aid thereto are also described in the Annex.

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[58] Voir/See Volume 19, Document 627.
[59] Voir/See Volume 19, Document 628.
[60] Voir/See Volume 19, Document 634.

The total of assistance which it is suggested might now be allocated for Pakistan is as follows:

Ganges-Kobadak	- $1.8 million
Power for Punjab Irrigation and Drainage Scheme	- $5.0 million(in principle)
Dacca-Chittagong Link	- $4.0 million
Warsak	- $2.0 million
TOTAL	$12.8 million

Of the above total sum, $5 million might be regarded as completing the 1953/54 programme for Pakistan, since the 1953/54 allocations to date total only $4.5 million compared with $10 million in 1951/52 and about $9 million in 1952/53. On this basis, and if Cabinet were agreeable to the provision of aid as suggested, the programmes for the two years would be as follows:

1953/54		*1954/55*	
Extension of aerial resources survey	- * $1.0 million	Ganges-Kobadak) Punjab Power) Dacca-Chittagong Link)	-say, $5.8 million
Further allocation for Warsak	- * $3.5 million	Warsak	- $2.0 million
Ganges-Kobadak) Punjab Power) Dacca-Chittagong Link)	-say, $5.0 million		
Total	- $9.5 million	Total	- $7.8 million

* already approved

It is suggested that it would not be prudent to envisage aid to Pakistan in the current fiscal year in excess of the amount of $7.8 million indicated above until anticipated demands on 1954/55 appropriations to provide continuing aid for India and Ceylon are clearer, and it also becomes clear whether it will be desirable to provide any assistance to Indonesia and other Colombo Plan countries which have not so far received any Canadian capital aid.

Recommendation

I recommend that additional assistance to Pakistan under the Colombo Plan be provided as follows and be financed from the balance of funds appropriated for Colombo Plan purposes in earlier years and as necessary from the further Colombo Plan appropriation which Parliament is being asked to approve for 1954/55.

(i) *Ganges-Kobadak Scheme*

It is recommended that Canada provide (a) a suitable thermal power plant for the Ganges-Kobadak scheme; and (b) the services of Canadian engineers to assist the Pakistan engineering authorities in the erection and installation of the equipment to be supplied from Canada. *Estimated cost — $1.8 million.*

The above assistance to be provided on receipt of prior assurances from the Government of Pakistan that the appropriate Pakistan authorities accept responsibility for:

(a) all costs not covered by external assistance;

(b) ocean freight and insurance on the Canadian equipment to be supplied;

(c) the establishment of a rupee counterpart fund in respect of the equipment to be provided from Canada, in an amount to be agreed between the two Governments;

(d) the foundation work, building, and all other civil work connected with the thermal power station, together with supervisory engineering services foremen and the necessary labour.

(ii) *Punjab Canal Falls Hydro-electric Projects*

Because of the technical uncertainties and the possibly important political implications of these projects in connection with the canal waters dispute between India and Pakistan (outlined on pages 4 and 5 of the Annex), it is recommended that final decisions on assistance for this project be deferred, but that the Government of Pakistan be informed

(a) of the willingness in principle of the Canadian Government to provide electric generating equipment and necessary engineering services and possibly certain transmission lines in the Punjab for the tubewell irrigation and drainage scheme to an amount of the order of *$5 million*;

(b) that the final decision on whether such aid will be supplied and on the precise form in which any power might be provided would depend on the further investigation of the Canal Falls sites at Shadiwal, Chichoki-Mallian and Gujranwala by Canadian hydro-electric engineers, and the possibility of providing power more efficiently and reliably by other means;

(c) that in view of the urgency which the Government of Pakistan attaches to assistance for this project, the above engineers will arrive in Pakistan in three to four weeks and will be instructed to submit a technical report on which firm decisions can be based on the three proposed hydro-electric developments or alternative sources of power at the earliest possible moment.

(iii) *Dacca-Chittagong Link*

It is recommended that Canada provide the electrical equipment and material required for the Dacca-Chittagong link in accordance with the recommendation of the Canadian consulting engineers, together with engineering services, to include all engineering, supervision of designs and drawings, supervision of installation, and assistance to the Pakistan engineering authorities in the preparation of foundation and installation specifications. *Estimated cost — $4 million*

The above assistance to be provided on receipt of prior assurances that the Pakistan authorities will

(a) supply all the material for foundations and housings;

(b) prepare all roads and rights-of-way for the transmission link;

(c) provide all necessary labour and meet all local costs;

(d) set aside a rupee counterpart fund in respect of the aid to be provided from Canada in an amount to be agreed between the two Governments;

(e) assume responsibility for ocean freight and insurance for the equipment to be provided from Canada and local transportation in Pakistan of such equipment to the site of erection.

Any Canadian assistance for the Dacca-Chittagong link should be closely coordinated, in consultation with the Pakistan authorities concerned, with the results of the power survey being conducted by the United States in connection with the Karnafuli project.

(iv) *Warsak Hydro-electric Project*

It is recommended that a further allocation of $2 million be made for the Warsak project against the estimated cost of the hydraulic, electrical and related equipment required for this scheme.

Should Cabinet approve the above recommendations every effort will be made to ensure that adequate arrangements are made by the Pakistan authorities for the efficient execution of the schemes, for the coordination of the activities of the agencies and authorities concerned, and for the effective administration of each project on completion.[61]

PAUL MARTIN

[PIÈCE JOINTE/ENCLOSURE]

Annexe

Annex

GANGES-KOBADAK IRRIGATION SCHEME

This is a project to increase agricultural production in the Ganges delta area of East Pakistan. It is planned that some 2 million acres will eventually be covered by the scheme and it is estimated that the increased water supply during the dry season and improved drainage during the monsoon will, through higher yields and double cropping, permit the production of an additional 975,000 metric tons of foodstuffs annually. In its first phase, the project will cover approximately 250,000 acres, of which 175,000 will be irrigated. For this initial phase, the annual increase in food production is estimated at 130,000 tons. The Ganges-Kobadak Irrigation Project has been investigated and developed in detail by a specialist F.A.O. team under the leadership of Dr. van Blommestein. A soil survey and land use survey have been carried out. The F.A.O. recommendations for the first phase of the development are reflected in the *pro forma* for the scheme which has been formally approved by the Government of Pakistan. The basis of the project is the pumping of water from the Ganges River into a network of irrigation canals. Periodic flooding during the monsoon will be controlled by enlarging and clearing old river channels which have become silted and by artificial drainage. The project involves three main components; a power station, a pumping station, and the irrigation and drainage channels.

Canada has been formally asked to assist the Ganges-Kobadak Project by the provision of the coal burning thermal power station to be composed of two 5,000 kilowatt units. The F.A.O. team has expressed the hope that any plant provided by Canada should be designed to burn either coal or wood, since the burning of local woods would probably be more economical than the use of imported coal. The

[61] Approuvé par le Cabinet, le 29 avril 1954/Approved by Cabinet, April 29, 1954.

amount of power which could be provided by a station of the kind requested would be somewhat in excess of the immediate power needs for the initial phase of the scheme, but all the power will be required during the next phase of expansion, and there is a demand for industrial power in the area.

An agreement has been negotiated between the United States and the Government of Pakistan for the provision by the United States of the pumping equipment required for the scheme and other assistance in an amount of $1,950,000. It is understood this agreement will shortly be signed, but that it will not be brought into operation until the United States authorities are assured that power will be provided. United States assistance for Ganges-Kobadak Project is thus linked with the provision of a thermal power station by Canada.

In accordance with the decision of Cabinet of August 5, 1953, the Ganges-Kobadak scheme, particularly its power component, has been examined by a Canadian consulting engineer, Mr. R. Hanright, who has reported favourably on the provision of a plant of the size and character requested. An option at an attractive price on a suitable thermal plant owned by the Ontario Hydro-Electrical Commission has been obtained. The High Commissioner in Karachi has recently advised that financial provision for its share in the implementation of the project has been made by the Government of East Bengal. At present a thermal power plant composed of two 5,000 kilowatt units is contemplated. The question of the most suitable type of fuel to be used remains under discussion. The possibility of providing boilers adapted to burn either coal or wood is under investigation. If that is not technically feasible, agreement will be reached with the Pakistan authorities on the choice to be made between the use of coal or of wood as seems most appropriate after further consultation. In the circumstances, it would appear timely to decide what Canadian assistance might be provided for this project in response to the request by the Government of Pakistan.

PUNJAB CANAL FALLS HYDRO-ELECTRIC PROJECTS

The Punjab is the most important agricultural area of West Pakistan. Farming in this area depends on irrigation waters drawn from the rivers of the Indus system. A serious problem exists in the Punjab as a result of the seepage of waters from the irrigation canals over the years. The water table has risen in certain localities, and land is going out of cultivation through waterlogging and the related increased salinity of the soil. The Pakistan authorities have estimated that as a result of these conditions 2 million areas of agricultural land have already become unfit for farming, and about 40,000 acres are going out of cultivation each year.

To rectify this situation, the Pakistan authorities, in cooperation with the F.A.O., have drawn up a tubewell drainage and irrigation project. The proposal is to sink tubewells in the waterlogged areas in order to lower the water table. The pumped water would (a) be carried to water-short areas through the existing irrigation system and (b) be used to wash out saline land in order to restore it to cultivation.

The first tubewell project in the Punjab was started in 1945 and under this scheme 1,350 tubewells were sunk. It proved impossible fully to carry out the planned programme, because after partition the power generated at the Rasul Hydro-electric Station, which was originally intended to energize the wells, had to

be diverted for urgent industrial purposes. Power is now required to run these wells and some 2,000 additional wells which the Government of Pakistan is proposing to sink following on further studies with respect to their siting and the completion of a ground water survey for which an agreement has been negotiated with the United States authorities. A pilot scale tubewell project is now in operation in the area under the technical direction of F.A.O. officials.

The Government of Australia has undertaken to assist the Punjab tubewell project and has agreed to provide £2 million worth of equipment, mainly pump motors, tubewell casings and drilling equipment.

The successful implementation of the Punjab drainage and irrigation scheme depends on the provision of power for the pumps. In this connection, the Government of Pakistan has requested Canada to provide three hydro-electric units which would rely for the generation of power on existing canal falls. According to the plan, each of the units would be of 12,000 kilowatts. Two of the units would be situated on the Upper Chenab Canal and two on the Upper Jhelum Canal.

In accordance with the decision of Cabinet of August 5, 1953, a preliminary investigation of the proposed canal falls hydro-electric sites has been undertaken by an engineer of the H.G. Acres Company. The Company has reported that the canal projects would have several advantages and that the cost of energy from them would compare favourably with that from alternative sources. However, it has been suggested that no commitment be made to provide these power stations until:

(a) it is known that the availability of flow from the drainage area to the canal head works is positively assured as to quantity and continuity;

(b) the foundation conditions are fully known and proved satisfactory by sub-surface exploration, sampling and testing;

(c) the sites are inspected by an expert hydro-electric engineer who may assess all conditions and data.

The H.G. Acres Company has estimated that the cost of providing the hydro-electric transmission and switching equipment required for the three power developments would be of the order of $5 million.

The reference in the H.G. Acres report to the availability of water flow from the drainage area to the canal head works relates in part to the possibility of Indian diversion of the rivers on which the two canals in question depend for their water. The information which has been received from the High Commissioner's Office in Karachi indicates that there is little or no possibility of Indian diversion of the Jhelum, but that some Indian diversion of Chenab waters, although difficult and expensive, would be technically feasible. Such diversion would, of course, have major political repercussions and presumably would only be undertaken by India if it was prepared to take the serious risks involved. The whole question of the division of the border waters between India and Pakistan is now under consideration in the World Bank, but the Bank's recommendations have not yet been made public. However, it would seem unlikely that any recommendations which the Bank might make would involve any substantial reduction in the flow of the Chenab through Pakistan.

So far as the foundation conditions at the three proposed canal falls sites are concerned, certain investigations are being undertaken for the Pakistan Government by Swiss-borings Limited. The results of this company's investigations are not yet known.

There is a possibility that the provision of hydro-electric plants on the Punjab canals by Canada may be regarded by the Government of India as prejudicial to the canal waters dispute between the two countries. For example, the Indians might consider that the erection of such hydro-electric plants would have the effect of strengthening the Pakistan claim to the disputed waters. Since the three sites for which it is suggested aid should be considered are in Pakistan territory and the flow of water to them appears to be relatively secure, short of Indian diversion of the Chenab (with the political results which such diversion would involve), it would seem that any Indian protest about the provision to Pakistan of the aid requested for power development in the Punjab would be unwarranted. The Governments of Australia and the United States are apparently willing to provide assistance for the Punjab tubewell scheme, and Canadian refusal to participate therein on political grounds would adversely affect the relations between Canada and Pakistan, more particularly as the project is clearly of great importance to the improvement of agriculture in the Punjab and the Government of Pakistan attaches the highest importance to it.

In all the circumstances, it would seem desirable to defer at this stage any final decision on the actual provision of hydro-electric units for the proposed canal falls sites. At the same time, it is suggested that the Government of Pakistan should be given an assurance that in principle Canada would be prepared to provide power for the tubewell scheme, but to leave open for the time being and until further investigations have been carried out, the final decision on whether such aid would be supplied and, if so, in what form. In this connection, account should be taken to the extent possible of the power survey of West Pakistan which is to be undertaken by the Pakistan authorities at the suggestion of the International Bank for Reconstruction and Development.

DACCA-CHITTAGONG LINK

As part of the electrical development of East Pakistan, it is proposed to construct a transmission line between the diesel plant now under construction near Dacca and the port of Chittagong, where there is an urgent demand for power. This line will form part of a future grid system for which the major source of power will be the hydro-electric station which is being developed on the Karnafuli River some 40 miles from Chittagong. When the Karnafuli development is completed, the power will flow over the Dacca-Chittagong link in the reverse direction.

Canada is being asked to supply the transmission line from Dacca to Chittagong, a distance of approximately 153 miles. The project has been inspected by Mr. R. Hanright, Canadian consulting engineer, who has estimated that the cost of engineering the transmission line and providing the imported materials would be of the order of $3.7 million.

At the instigation of the International Bank for Reconstruction and Development, a power survey of East Pakistan is to be undertaken as part of the engineering

examination of the Karnafuli hydro-electric development which is being financed by the United States. The IBRD representative in Pakistan has indicated that there would be no need for the Canadian Government to hold up its decision on the Dacca-Chittagong link until the power survey has been completed. He has suggested, however, that Canadian assistance for the project should be fully coordinated with the results of the power survey.

In view of the importance of providing electric power to the Chittagong area, of the favourable report on this project by Mr. Hanright, and the important part which the requested transmission line will play in the Karnafuli grid, it is considered that the Dacca-Chittagong link would be a suitable project for Canadian assistance.

WARSAK HYDRO-ELECTRIC PROJECT

The Warsak project is located on the Kabul River in North-west Pakistan. The plant is being designed to produce 150,000 kilowatts of electric energy, which will be used in the North-west Frontier Province and in the neighbouring power-short Province of Punjab. The Warsak scheme will also contribute to increased food production through the irrigation of 93,000 acres of land. The project is expected to take seven years to complete. It was examined by Canadian engineers and found to be a sound practical scheme which could be undertaken in the confidence that it would produce electric power efficiently and economically.

Cabinet considered Canadian participation in the Warsak project on March 26, 1953 and agreed that $3.4 million should be allocated from the 1952/53 Colombo Plan Vote for the provision of part of the necessary generating and related electrical equipment. Cabinet was at that time informed that the equipment requirements from outside Pakistan would amount to approximately $14 million. In this regard, Cabinet agreed that the Government of Pakistan should be informed that additional allotments would be made for Warsak in subsequent years within the limits of the amounts available to Pakistan out of funds which might be appropriated by Parliament for Colombo Plan activities.

On September 9, 1953, a further allotment of $3.5 million was made for the Warsak project to cover the estimated cost of the provision of Canadian consulting engineering services for the re-design of the project and the supervision of construction.

It has also been agreed to allocate the rupee counterpart fund arising from the two $5 million gifts of Canadian wheat to help meet the local costs of this project.

The High Commissioner in Karachi has advised that the Pakistan authorities are anxious that a further allocation of funds for the Warsak project be made from funds which may be available for projects in Pakistan from moneys to be appropriated for Colombo Plan activities in 1954/55.

So that funds will be available to meet the costs of the hydraulic and electrical equipment which must be imported for the project as and when the need arises, it would seem desirable to make a further allocation of funds for the Warsak project.

425. PCO

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

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 263-54 [Ottawa], November 24, 1954

CONFIDENTIAL

COLOMBO PLAN AID FOR PAKISTAN

1. *Daudkhel Cement Plant*

Cabinet has so far approved the allocation of $5,500,000 towards the external costs of this project from the 1951-52 and 1952-53 votes.

It was originally hoped that the construction work at the plant would be completed by the spring of 1955. There has however been a delay largely due to faulty concrete pouring and other aspects of the work undertaken by the contractor engaged by the Pakistan Government. A Canadian official from the Department of Defence Constructions together with a senior executive of Canadian Overseas Projects Ltd. recently visited the site and in conjunction with the Acting High Commissioner in Karachi held discussions with Pakistan authorities and with the various private contractors involved in this project. Much of the faulty construction work has now been repaired and there has been an undertaking that construction work to be done in the future will be of an improved quality and that it will be subject to closer supervision and inspection by both the Pakistan authorities and by the Canadian supervising engineers. There is now a clear understanding with C.O.P.L. about their responsibilities and the position of the Canadian Government engineer at the project, as well as the steps to be taken if progress does not continue at a satisfactory pace. In the light of these assurances and of the subsequent reports from the Acting High Commissioner in Pakistan Canadian officials consider that the construction is now proceeding about as satisfactorily as can be expected in the circumstances and that the Pakistan Government is endeavouring to carry out the responsibilities which it previously had incurred with respect to this project. It should be noted that no Canadian equipment or material has suffered as a result of the delay in the initial construction work.

The original estimates of the external cost of this project have been revised in the light of these developments and, more particularly, of experience resulting from further exploration at the site. The factors which have been taken into account include:

(a) A determination that a steam power plant should be substituted for the diesel plant which it had originally been the intention to provide. Because of fuel supply and transportation facilities the steam plant will be more economical to operate. From a technical point of view it will also be a more dependable and satisfactory

source of power. Moreover such a plant will be better able to provide the increase in electric power which will be needed.

(b) The unusual soil conditions which have been revealed by excavation work have led to increased costs for the design and planning of the plant and for the amount of reinforcing steel which will be required in its construction. It is considered that such soil conditions could not have been anticipated on the basis of the initial exploration of the site and could therefore not have been allowed for in the original estimate of costs.

(c) Since the project was first approved there have been increases in the price of some of the electrical and other equipment which Canada has agreed to supply.

As a result of such factors it is now estimated that an additional $1,250,000 will be required to finance the external cost of this project. Of this increase only approximately $100,000, resulting from increased administrative and supervisory costs, can be attributed to the delay in the progress at the project.

2. *Request from Pakistan for Commodity Assistance*

Over the past several months the Pakistan economy has been showing considerable strains reflected largely in an acute shortage of consumer goods. At the industrial level most plants have been experiencing severe shortages of imported raw materials and repair parts owing to the stringent restrictions on imports imposed by the scarcity of foreign exchange. This situation appears to be having economic consequences, and is not without its effects on the political situation.

The Pakistan Government has made a request to Canada for assistance under the Colombo Plan in the form of commodities. They specifically asked for paper board and newsprint to the amount of $1.2 million and aluminum ingots and sheets and copper ingots and sheets to the amount of $3 million.

Aluminum and copper have been provided in the past under the Colombo Plan. As part of the 1953-54 programme for India approximately $5 million worth of these commodities were sent to India. If the request from Pakistan were approved there would be established counterpart funds resulting from the sale of these commodities which would be devoted to specific development purposes, to be agreed upon between the two governments. Moreover the fabricating facilities in Pakistan have been investigated and it has been established that their domestic industry would be able to utilize these commodities directly in the development programme.

Canadian officials consider, therefore, that of the commodities requested aluminum and copper would be most appropriate for inclusion as part of the Colombo Plan assistance to Pakistan this year. In view of existing commitments and other contemplated demands on the 1954-55 Colombo Plan vote Canadian officials recommend that about $1 million in aluminum and copper be provided as part of this year's programme. If this recommendation is approved it is suggested that the aluminum and copper might be supplied in the proportion and in the forms which appear to be most suitable in the light of the need and the availability of processing facilities.

The Pakistan Government has also requested commodity assistance from the United States. The Heinz Mission was appointed by the United States Government

to examine the economic situation in Pakistan and on the basis of their report it is understood that approximately $76 million in agricultural commodities, consumer goods and industrial raw materials would be provided to Pakistan with a view to ensuring that aid would be provided in the form most needed and that duplication would be avoided. There has been an informal exchange of information between the United States and Canadian authorities concerning the economic situation in Pakistan and the aid measures which are being considered by both countries.

3. *The Extension of the Aerial Resources Survey*

As part of the 1951-52 programme for Pakistan Cabinet approved an aerial resources survey covering some 160 thousand square miles at an estimated cost of $2 million. In the 1953-54 programme this survey was extended to include other parts of West Pakistan at an additional cost of $1 million. It is considered that this survey can make an important contribution to the economic development of Pakistan both in helping the efficient exploitation of mineral and other resources and in assisting the vital efforts to increase agricultural output in Pakistan.

The Pakistan Government has now asked if the Aerial Survey which is being carried out by Photographic Survey Corporation of Canada could be further extended to cover a soil survey of an additional 35 thousand square miles at an approximate cost of $50 thousand.

It is the opinion of Canadian officials including those from the Department of Mines and Technical Surveys who are familiar with the work being undertaken in Pakistan that the extension of the survey would contribute usefully to the economic development of Pakistan and that the most economical method of carrying out the soil survey would be in conjunction with the present aerial resources survey now being undertaken by the Photographic Survey Corporation in Pakistan.

4. *Summary*

The cost of the 3 projects referred to above would total $2,300,000. The funds could be found from the Colombo Plan funds on hand. If these grants were approved this would bring the total aid approved to Pakistan in 1954-55 to $10.1 million (not all of which will be taken up this year). This is slightly in excess of the amount of $9.5 million allocated to Pakistan in 1953-54. There is however no commitment that any fixed amount should be made available each year to any of the Colombo Plan recipient countries. It should also be remembered that Pakistan has been experiencing an economic crisis which is making it particularly difficult for them to sustain their economic development programme without increased external assistance.

Recommendations

It is recommended that out of funds already available additional assistance should be extended to Pakistan for the following projects:

(a) The allocation of an additional $1,250,000 to finance the increased costs at the Daudkhel Cement Plant as described in Section 1 above.

(b) The provision of up to $1,000,000 worth of aluminum and copper in the proportions and in the form considered most suitable in the light of developmental

needs and existing fabrication facilities and on the understanding that equivalent counterpart funds would be established for agreed development projects.

(c) The extension of the aerial resources survey presently being carried on in Pakistan to include a soil survey of an additional 35 thousand square miles at an estimated cost of $50,000.[62]

L.B. PEARSON

SECTION F

NEPAL

426. DEA/11038-7-40

Le haut-commissaire en Inde
au sous-secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Under-Secretary of State for External Affairs

LETTER NO. 562 New Delhi, May 27, 1954

CONFIDENTIAL

Reference Our letter No. 105 of February 2, 1954.†

CANADIAN AID TO NEPAL

You have, no doubt, wondered what progress was being made in the preparation of a suitably revised memorandum embodying the Nepalese request for road maintenance equipment from Canada under the Colombo Plan. Such a memorandum was, in fact, submitted to us under cover of a letter of March 4. The reason it was not sent forward to you is that it did not appear to us to be the kind of document on which Canadian officials could usefully base a recommendation to Ministers. I am attaching four copies of the relevant memorandum now merely as a background for recent developments connected with the Nepalese request.

2. You will agree, I think, that although the revised submission by the Government of Nepal conforms broadly to the outline which we drew up for the convenience of the Nepalese authorities, the presentation of the request still leaves a good deal to be desired. It also contains a number of references to possible Canadian aid in fields other than road maintenance and these will, of course, eventually have to be deleted. All this is, however, merely a matter of presentation and does not affect the substance of the question which is whether Canadian assistance to Nepal of the nature and scope envisaged is a sound proposition at the present stage of Nepal's economic development.

3. It seems fairly evident from the Nepalese submission that Nepal has neither the technical personnel nor the technical facilities to undertake a road maintenance pro-

[62] Approuvé par le Cabinet, le 1er décembre 1954./Approved by Cabinet, December 1, 1954.

gramme of its own. We have no evidence that there is a sufficient number of trained people in the country competent to operate whatever equipment we might decide to make available to Nepal. Nor do we have any guarantee that such equipment would be adequately maintained. In the circumstances, I think there would be little purpose in asking the Nepalese Government for formal guarantees which they might be all too willing to give but which we know they could not with the best will in the world implement.

4. We have now written again to the Nepalese Embassy for certain clarifications which should help us to make up our mind as to where we go from here. These clarifications relate to the arrangements which are now in force for the maintenance of the road linking India with Nepal and subsidiary roads in the valley of Kathmandu. It is our assumption that such maintenance, to the extent that it is being done at all, is in the hands of Indian engineers who, as you know, constructed the Thankot-Bainse section of the main Indo-Nepalese road link. If our assumption is correct, it is obviously in our interest to assign responsibility for the maintenance of the Canadian equipment to these engineers and to discuss with them in detail the list of equipment submitted to us by the Nepalese to determine whether this is, in fact, the equipment best calculated to meet the needs of the Nepalese road maintenance programme.

5. I feel that, depending on the nature of the clarifications we receive from the Nepalese in response to our latest enquiry, the alternatives open to us are:

(a) that we make equipment available to Nepal on the formal understanding that Indian road engineers are given responsibility for road maintenance in Nepal and that we confirm this understanding in a tripartite exchange between Canada, Nepal and India;

(b) that we make this equipment available as part of a broader programme which would comprise the assignment to Nepal of two or three Canadian engineers qualified to operate the Nepalese Government's road maintenance programme at the outset and to train Nepalese engineers to take over after the initial period.

6. Either alternative is, I suppose, open to objection on political grounds. If we decided to adopt the first alternative, the Nepalese might resent the fact that we required the guarantee of a third country as a condition for our assistance to them. If the experience of the Americans in Nepal is any guide, the second alternative might not commend itself to the Indian Government although I imagine that, in practice, they would perhaps welcome a situation where the Americans no longer had a monopoly of "foreign" aid to Nepal.

7. I understand that the Americans have in recent months been careful to consult informally with the Indians about any request for economic or technical aid which was being submitted to them by the Nepalese Government. They have done so in recognition of India's special position in Nepal. In our own case there are, of course, additional reasons why it is useful for us to co-ordinate the provision of road maintenance equipment with the programme of road survey and construction in Nepal with which the Indians are associated on a continuing basis. Accordingly, when I called on Sir Raghavan Pillai on April 23 in another context, I took the opportunity of acquainting him with the broad terms of the Nepalese request to us.

Sir Raghavan was just on the point of leaving Delhi to attend the Colombo Conference but asked me to raise this matter again with him on his return from Ceylon. It was his view that both Canada and India stood to gain from a close integration of the efforts which the two countries were making to aid in the economic development of Nepal.

8. It occurs to me that, without prejudice to our final decision on the Nepalese request, it might be useful at this stage if you were to investigate which of the items listed in the Nepalese request are available from Canadian production. The answer to this question might presumably affect our subsequent discussions with the Nepalese. We, on our part, shall continue to explore a basis on which it might be possible for us to provide to the Nepalese Government the equipment which they have requested from us. I assume that we would not wish to turn down the Nepalese request for aid under the Colombo Plan unless the conditions for extending such aid could, in fact, be shown to be clearly unsuitable.[63]

ESCOTT REID

427. DEA/11038-7-40

Note de la Direction du Commonwealth pour la Direction économique

Memorandum from Commonwealth Division to Economic Division

CONFIDENTIAL [Ottawa], June 25, 1954

Reference: Your Memorandum of June 14, 1954.†

CANADIAN AID TO NEPAL[64]

There are undoubtedly reasons why Nepal should receive some Colombo Plan aid and, in view of our road-building experience, Canada would appear to be in as good a position as any country to help. Nepal's standard of living is probably as

[63] Notes marginales :/Marginal notes:
Mr. Ritchie:
1. I have drafted a letter to Nik [Cavell] for your signature re paragraph 8.
2. I am asking Commonwealth for their comments.
3. We seem to find ourselves in the midst of a tri-partite negotiation on this one in contrast to our normal practice. Subject to India's concurrence alternative (b) in paragraph 5 might be preferable. This would ensure that Canada was associated fully with the project. It might also relieve suspicion of Nepal that we were in collusion with India, at the expense of Nepal's independence. We might *consult* with India without actually bringing them into active participation in the project. [O.G. Stoner]
Yes. I think we might get an assurance from the Nepalese that competent engineers would be available and we might have an informal understanding with them that they would complete arrangements for the services of such engineers (Indian or others) before we undertook the projects. We would not have to specify Indian engineers formally, even if we took some course like (a). A.E. R[itchie]

[64] Note marginale :/Marginal note:
I agree with the general line taken by Mr. Cornett. P. B[ridle]

low and its vulnerability to Communist infiltration as great as any country in Asia. The question here is the manner in which such aid should be extended and, in particular, the degree to which India should be consulted and perhaps actively involved.

2. In general we agree it is desirable that Canada's name should be fully associated with our aid projects and that we should avoid action which might be interpreted as slighting the independence of the recipient countries. However, the case of Nepal is a bit unusual. India maintains that she has a "special position" in Nepal which, although not clearly defined, appears to amount to a sort of benevolent paternalism and to mean that discussions with foreign countries should be carried on with the full knowledge of the Indian authorities. I note that Mr. Saksena is shown as representing Nepalese interests in Canada. It is our impression that Nepal is so backward and unstable that it is nearly certain to be dominated by one of its neighbours, China or India. I see no strong reason why we would wish to disturb India's special relationship with Nepal. It is clearly in our interests to strengthen territories bordering on China but I doubt if anything we might do would enable Nepal to stand entirely on her own feet. Consequently our effort to assist her might better be developed in concert with those of India.

3. As you are aware, the United States is giving direct aid to Nepal and is suspected by India of trying to undermine its influence there and to encourage the Nepalese to stand alone. Even if this was the American intention, which is unlikely, the geographical position of Nepal is such that the effort would almost certainly fail and would merely add to the instability of the country. The Indians are quite sensitive about their special relationship and we would be well advised not to get into the position where we might share with the United States the role of scapegoat for disturbances such as those of last month. (See *N.Y. Times* for June 1). Moreover the fact that India's "special position" is recognized by the United Kingdom, and to some extent by the United States, leads us to believe that it would not be wise for us to take a different position.

4. There may be further political advantage in not disturbing India's relationship with Nepal as the present connection tends to involve India in any disputes between Nepal and China and this may have a salutary effect on the Indian assessment of Red China's intentions and methods of operation.

5. In short, we consider that we have relatively little interest in having Nepal kindly disposed towards Canada as a direct donor country, and that this interest is more than outweighed by the undesirability of disturbing India's special relations with that country or India's friendship for Canada. This might not preclude action along the lines of the second alternative in paragraph (5) of our High Commissioner's letter which, as you point out, would be desirable in terms of our present Colombo Plan programme, but we should only be prepared to act in this way if the Indians are fully aware of our intentions and agree to our doing so. Should the Indians raise objections, it would be our view that we should defer to their views and work out any plans for assistance in conjunction with them.

6. It might be profitable to explore alternatives other than the two set forth in the letter from New Delhi. The Indians would probably be flattered by a proposal to

make the maintenance of the Nepalese roads a joint Canada-India project with Canada providing most of the machinery and India the majority of the skilled personnel. This would be in line with the general objective of the Colombo Plan to encourage the Asian countries to extend aid to one another. Although this approach would approximate alternative "A", it would be less likely to injure Nepalese sensibilities than the blunt request for assurances that India be given full responsibility for road maintenance. It could be pointed out to Nepal that this arrangement is similar to the one adopted for the Thal Experimental Farm in Pakistan.[65]

D.M. CORNETT

428. DEA/11038-7-40

Le haut-commissaire en Inde
au sous-secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Under-Secretary of State for External Affairs

LETTER No. 774 New Delhi, July 20, 1954

CONFIDENTIAL

Reference Our letter No. 562 of May 27, 1954.

CANADIAN AID TO NEPAL

I attach for your information a copy of our letter of May 24† to the Nepalese Embassy in New Delhi and the Embassy's reply of July 8.† This correspondence takes us, I think, as far as we can reasonably go without further guidance from you.

2. You will note that the latest Nepalese communication acknowledges that the Government of Nepal would not be in a position to spare the technical personnel to operate and look after any road maintenance equipment which Canada might provide. Accordingly, the Nepalese are prepared to request us to send along with the equipment technical experts to supervise its use and maintenance and to train Nepalese technicians to take over this responsibility after the initial phase. They also suggest that some Nepalese engineers might go to Canada to be trained in road maintenance operations and techniques as part of the project. It is my impression that this type of broader approach to an economic development project has in the past recommended itself to us.

[65] Notes marginales :/Marginal notes:
Mr. Ritchie
1. Aid to Nepal should be discussed soon at a C[olombo] G[roup] meeting, particularly since it may affect our new program to India. Because of large number of items in July 5 meeting it was not included on agenda at that session.
2. This is a useful memorandum and the course suggested in para 6 is along the lines of one we discussed. However, I still believe we must be careful not to appear to be supporting India's unwelcome paternalism! O.G. S[toner]
Mr Stoner: I think this is worth circulating to Group with reference to Escott's [Reid] earlier despatch. A.E. R[itchie]

3. If it is not considered feasible to couple our economic aid to Nepal with technical assistance, the Nepalese apparently do not exclude the alternative of asking for Indian engineers to operate the road maintenance programme. In that event, I imagine that we should wish to associate the Indian authorities from the outset with any technical discussions which it may be necessary to arrange before the Nepalese request is given final consideration.

4. The Nepalese Embassy's communication of July 8 confirms my impression that the list of equipment appended to their formal submission to us should be regarded as flexible. In their anxiety to obtain as much equipment as possible from us the Nepalese may well have drawn on the experience of one of their engineers who was recently in Canada to study highway and bridge construction to present a list of equipment which was likely to be available from Canadian production. Whether or not this equipment really meets the requirements of weather and road conditions in Nepal is probably a matter which should be further investigated by a qualified road engineer from Canada.

5. My own suggestion is that we let this matter ride until the Nepalese Secretary for Planning and Development, Mr. B.B. Pande, visits Ottawa in conjunction with the meetings of the Consultative Committee in September. If you agree, I shall ask the Nepalese Embassy here to ensure that Mr. Pande is prepared to discuss this matter in Ottawa. In the meantime, I propose to tell the Embassy that the Nepalese request for road maintenance equipment under the auspices of the Colombo Plan has now been transmitted to you for consideration.

6. I continue to feel, as I suggested in my letter under reference, that in dealing with the Nepalese request we stand to gain from the closest possible co-operation with the Indians. There is, therefore, much to be said for our discussing the specific terms of Nepal's request for Canadian aid with the Indian authorities before Mr. Pande reaches Ottawa. On the other hand, you will agree, I think, that there is little purpose in my discussing this matter in detail with Indian authorities unless I have some indication whether you are seriously considering acceding to the Nepalese request provided a suitable project can be based on it. It is on this point that I shall require your guidance at the earliest feasible opportunity.[66]

ESCOTT REID

[66] Note marginale :/Marginal note:
Mr. Ritchie: We should take a decision re para 6 at the next meeting of the Group. [O.G. Stoner]
I agree this should be discussed at next Group meeting. [A.E. Ritchie]

429. DEA/11038-7-40

Le secrétaire d'État aux Affaires extérieures au haut-commissaire en Inde

Secretary of State for External Affairs to High Commissioner in India

DESPATCH E-740 Ottawa, October 25, 1954

CONFIDENTIAL

DISCUSSIONS WITH THE DELEGATION FROM NEPAL DURING THE COLOMBO PLAN CONSULTATIVE COMMITTEE MEETING

During the recent meeting of the Consultative Committee, officials in Ottawa were able to hold some conversations with the Delegation from Nepal concerning the possibility of Canadian Colombo Plan assistance for that country. The Nepalese Delegation was led by Maj. Gen. Maahabir, and included Mr. Pande, presumably the senior civil servant in charge of planning, and Mr. Rana, a young Nepalese who had previously been in Canada under the technical assistance programme. Despite the fact that Maj. Gen. Maahabir's comely entourage, consisting of his wife, two daughters and two governesses, lent considerable colour and interest to many of the extra-conference activities, officials in Ottawa were not left with the impression that the Nepalese representatives were particularly serious-minded or competent.

2. Mr. Pande and Mr. Rana called on both Mr. Cavell and this Department to discuss some of their projects. They also spoke at some length to Canadian newspaper men about their needs. Attached to this despatch is a copy of a letter from Mr. Cavell to this Department which reports on his conversations.[67] As you will see, the Nepalese spoke to Mr. Cavell of three projects; and when they visited this Department they added a fourth, the supply of railway cars, the need for which arose largely out of the unwillingness of India to make sufficient rolling stock available to transport Nepalese trade over the Indian railroads.

3. As a result of our previous exchanges with you, we were well informed about the road building project. Mr. Cavell is also looking into the technical and supply aspects of the ropeway.

4. The requests from Nepal are under consideration by Canadian officials, but it is now quite obvious these requests will have to be very carefully examined both in relation to the availability of funds and to the competing demands from other countries and in relation to the ability of the Nepalese authorities to administer the projects. We should be particularly grateful for any further advice which you can give us on the latter aspect, possibly after discussing it informally with U.S. and

[67] Non retrouvée/Not located.

U.K. (and possibly Indian) officials in New Delhi who may have had some practical experience of Nepalese administrative competence.

A.E. RITCHIE
for Secretary of State
for External Affairs

430. DEA/11038-7-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

DESPATCH 1349 New Delhi, November 25, 1954

CONFIDENTIAL

Reference: Your Despatch No. E-740 of October 25.

COLOMBO PLAN: CANADIAN AID TO NEPAL

I am inclining more and more to the view that the risks involved in extending Canadian aid to Nepal may be too great to make the game worth the candle. You have yourself referred to the technical and administrative risks which are, bluntly speaking, that Nepal has no administration to speak of and that there is scarcely any technical competence which could be associated with a Canadian project in Nepal or which could be relied upon to maintain such a project in operation.

2. Even more grave, however, are the political risks of conflict between ourselves and the Indians which would seem to be inherent in most of the projects proposed to us by the Nepalese. That the Nepalese delegation in Ottawa proposed these projects on the grounds that they would serve to make Nepal more independent of India merely shows how warily we have to tread.

3. The Indians consider the inclusion of Nepal in their defence perimeter vital to their strategic interests. If a complete administrative breakdown in Nepal is to be avoided, Indian influence in the country may have to continue to be strong and susceptible of application at the appropriate time. This special position of India in Nepal has been conceded by the United Kingdom and the United States and the Indians hold that it has also been conceded by China. In the circumstances, for Canada to base its aid to Nepal on projects which are overtly designed to circumscribe the Indian position is plainly impolitic and against our own best interests.

4. I find it difficult to take seriously two of the projects which were submitted to you by the Nepalese in Ottawa. These relate to the provision of railway rolling stock and aeroplanes to Nepal. It is absurd for Nepal to claim that either of these projects would make the country less subject to Indian goodwill when Nepal has no technicians competent to run either a railway or an air service and when, in any case, heavy reliance would continue to have to be placed on Indian facilities. The railway rolling stock, for example, would operate over Indian railroads.

5. As for the provision of road maintenance equipment, I am now convinced that such a project would have to be closely correlated with the work which Indian army engineers are doing in Nepal. The position in respect of roads has been outlined to you by the Nepalese. It is, briefly, that the recently completed road to Kathmandu is, in fact, an emergency road. It is subject to annual washouts by rain and floods and thus cannot be said to serve effectively either economic or strategic needs. I understand that the United States has agreed, after consultation with the Indians, to repair this year's flood damage as part of American flood relief to Nepal but our colleagues in the United States Embassy here do not believe that, in the long term, annual repairs of this road are likely to prove an economic proposition.

6. Indian army engineers are at present mapping out an alternative road which would be about 80 miles longer than the direct road to Kathmandu but not subject to the same annual weather hazards. It is estimated that this alternative road will take at least two years to construct. If, therefore, we contemplate making road building equipment available to Nepal under the Colombo Plan, I strongly suggest that we do so in consultation with the Government of India, and that we earmark it for the new road. In this way we might be instrumental in having the road completed ahead of schedule.

7. On the face of it, the project of helping Nepal extend the present ropeway from Dhursing to the railhead at Amlekhgunj would appear to have much to recommend it. As you have pointed out, the Nepalese have satisfactorily operated the existing section of the ropeway and they may be expected to operate a 24-mile extension with equal success. Such an extension would eliminate the present necessity of trans-shipment of goods consigned to Kathmandu. It is also unlikely to clash with any plans which the Indians may have to improve transportation and communication facilities between India and Nepal.

8. On the other hand, the economic aspects of the project would obviously have to be looked into with great care. It may be, for example, that the present supply of available power will not be adequate to operate the contemplated extension. This, at least, is what the Americans have suggested to us on the basis of their experience in helping to bring the ropeway over the last four miles from its present northern terminus into Kathmandu. It may also be that, with the completion of the alternative road which the Indians are now mapping out, transportation by truck over the new road would be more economical than by ropeway. In that case, our contribution to the economic development of Nepal might more suitably take the form of Canadian trucks and trailers.

9. We have discussed this matter privately with our British and American colleagues. They have agreed to let us have such further information as you may require to enable you to review the Nepalese proposals for Canadian aid. When this additional information is in your hands you may wish to authorize me to discuss the road building and ropeway projects specifically with the Indian authorities. I am, in any case, satisfied that only out of such discussions with the Indian authorities is there any chance that a suitable project for Canadian aid to Nepal is likely to emerge.

10. To sum up: because of the political instability, the intrigues and the administrative incompetence of Nepal, participation by Canada in any project there will mean an excessively large number of administrative headaches. The Nepalese want to get as many Western countries as possible involved in Nepal since they think they will be able to play those countries off against India. Canada's interests would not be served by getting involved in this game. Any goodwill we secured in Nepal in this way would be outweighed by ill will in India. If, therefore, we decide to give any economic aid to Nepal it should be done only in a partnership with India.

ESCOTT REID

4e PARTIE/PART 4

AIDE MILITAIRE DES ÉTATS-UNIS POUR LE PAKISTAN
UNITED STATES MILITARY AID TO PAKISTAN

431. DEA/50317-40

Note du secrétaire d'État par intérim aux Affaires extérieures pour le premier ministre

Memorandum from Acting Secretary of State for External Affairs to Prime Minister

TOP SECRET [Ottawa], December 17, 1953

You will have seen references to the rumoured Pakistan-United States Military Security Agreement. The High Commissioner for India called on Mr. Ritchie on December 10th, on instructions from his Government, and made representations to the effect that the Government of India regarded the projected military security agreements with the greatest concern. Mr. Saksena followed this interview up with a letter dated December 11th, copy of which is attached. As you will see, the language used by Mr. Saksena in this letter is pretty extreme and his oral presentation of the case to Mr. Ritchie was even more so. While Mr. Saksena emphasized that he was making representations on the instructions of Mr. Nehru, it is possible that he himself may be responsible for some of the strong statements and rather ambiguous hints contained in his letter. Mr. Pearson has been informed, in the attached telegram of December 16th,† of the substance of Mr. Saksena's representations and of the reports which we have received from our High Commissioner in India on this subject, in case he may wish to discuss the matter with Mr. Eden while in London.

2. You will observe that the Indian Government suggests that an expression of Canadian opinion to the Governments of the United States and Pakistan would be helpful at this juncture. It would plainly be a very delicate matter for the Canadian Government to make any such representations in Washington and Karachi, and in this connection Mr. Pearson has been asked for his comments.

3. Meanwhile Mr. Saksena has asked whether he may have an interview with you to put the position of his Government, on this subject, to you personally and I

should be grateful to know whether you would be prepared to see the Indian High Commissioner.

4. You may have noticed a report of the *New York Times* Service, appearing in today's Montreal *Gazette* to the effect that Mr. Nehru:

> "...has ordered his nationwide Congress Party machine to organize demonstrations against the proposed United States military aid Pakistan in all of India's 28 states.
>
> Although Prime Minister Nehru, who is president of the Congress Party, has decreed that direct condemnation of the United States and Pakistan should be avoided, his campaign is thought likely to generate a nationwide wave of anti-Americanism on an unprecedented scale".

5. It is unfortunately apparent that unless the United States decide in the interim not to proceed with military assistance arrangements to Pakistan this subject will probably be a very burning one at the time of your own visit to the Indian sub-Continent and it is to be anticipated that representations will be addressed to you by both the Indian and Pakistani Governments.

PAUL MARTIN

[PIÈCE JOINTE/ENCLOSURE]

Le haut-commissaire de l'Inde
au sous-secrétaire d'État par intérim aux Affaires extérieures

High Commissioner for India
to Acting Under-Secretary of State for External Affairs

LETTER NO. 276-HC/53 Ottawa, December 11, 1953

TOP SECRET

Dear Mr. [C.S.A.] Ritchie,

I spoke to you yesterday about the projected United States - Pakistan Military Pact. In this letter I am giving you the background of this question and briefly summarizing the views I conveyed to you verbally. I shall be grateful if you would kindly bring this matter to the attention of the Prime Minister. He might perhaps agree to afford me an opportunity to discuss it personally with him.

As I explained to you yesterday afternoon, there has recently been a spate of speculation, more particularly in the American Press, in regard to a Military Pact between the United States and Pakistan. Some of the writers have referred to the possibility of Pakistan agreeing to grant bases to the United States for military purposes, while others have stressed that the intention of the United States was to grant military aid to Pakistan. Even though we recognize fully the sovereignty of Pakistan and its right to enter into any international commitments it likes, we could not obviously remain indifferent to developments across the border which might affect profoundly the situation in our own country. Prime Minister Nehru, therefore, on the basis of reports which he had seen, made a press statement in which he referred

to the dangers inherent in a move of this kind and stated that a Military Pact between Pakistan and the United States of America would be of "the most intense concern to India".

Objection was taken both in Washington and in Karachi to Prime Minister Nehru's statements and it was alleged that no decision in regard to acquisition of bases in Pakistan had been taken. It was, nevertheless, admitted that talks on the subject of a military alliance had taken place and the grant of military assistance by the United States of America to Pakistan was contemplated. As a matter of fact, matters would appear to have gone far beyond this point. Talks between Military Commands of both sides are reported to have taken place and visits by Military Missions have been exchanged. It is, therefore, fair to assume that the groundwork of a plan for military assistance to Pakistan has been prepared and now awaits implementation. Our view is that if this plan is implemented, a dangerous situation full of the most explosive possibilities would arise in India, the gravity of which could not be overemphasized. Through a delicate balancing of forces and the peaceful intent of the Government of India, peace has hitherto prevailed in our part of the world. The United States, by its action to enter into a Military Pact with Pakistan would disturb this delicate balance and would create conditions which would undermine the peace and stability of the sub-continent. The United States would, in our view, be guilty of aiding the aggressive intent of Pakistan against India — a Commonwealth country which has endeavoured throughout to maintain friendly relations with all countries and whose only offence, if it can be called an offence, has been to refuse steadfastly to subordinate her conscience to the will of the United States. I am giving below in the form of questions and answers our reactions to the projected Military Pact.

Q.1: Why is Pakistan anxious to enter into a Military Pact?

A: It must be obvious to any discerning person that Pakistan is not immediately or directly threatened by the Soviet Union or Communist China; nor, judging from the pronouncements in its Press and by its leaders, is it greatly concerned with the spread of communistic activity in the country. Further the urge to adopt defensive measures against the Soviet Union should, if anything, have shown abatement because of the recent easing of international tension. Pakistan has, nevertheless, been increasingly insistent on securing military aid from the United States of America. Why? Quite obviously for one reason, and one reason only, and that is that she desires to build up her military strength first to use it as a bargaining factor in dealing with India, and, if these efforts fail, by waging a regular war against her. In the circumstances which exist any other conclusion would be contrary to reason and entirely untenable.

Q.2: Why is the United States anxious to enter into a Military Pact with Pakistan?

A: In the first place, the United States desires to forge another link in the chain which she has been fabricating to encircle the Soviet Union.

Secondly, it would certainly appear that this step is being considered as a means of bringing pressure on India to abandon her so-called neutralist foreign policy and be coerced into joining the anti-Communist bloc. I venture to prophesy that if the United States persists in consummating its Military Pact with Pakistan, it

will fail in the attainment of both these objectives. You may rest assured that India will, in no circumstances, succumb to outside pressure and abandon a foreign policy which has the solid and united support of all her people. With a hostile India, the military support of Pakistan is scarcely likely to achieve the objective which the United States Government has in view.

Q.3: What will be the effect of a Military Pact on Pakistan?

A: Pakistan has declared on numerous occasions that the be-all and end-all of her foreign policy was to wrest control of Kashmir. Hostilities in this area ceased after an understanding was reached that a solution would be sought through peaceful means by holding a plebiscite. Both sides have adhered to this arrangement because of the balance of power in the sub-continent. If now Pakistan receives military assistance from a third party, it would find itself strong enough to adopt towards India a more aggressive attitude. Public opinion in Pakistan, which is highly inflammable, would be whipped up by demagogues who would dangle before the people the bait of a successful military exploit. It is also not unlikely, conditions being what they are in Pakistan, that the increase of military power would result in the overthrow of constitutional government and the establishment of a military dictatorship.

Q.4: What will be the effect of the Pact on India?

A: The country will be swept by anti-American feeling from one end to the other and all prospects of collaboration between India and the United States will cease. By the same token all prospects of peaceful settlement of the Kashmir and other disputes between India and Pakistan will also disappear. Tension between India and Pakistan will increase, and India will be forced into re-thinking and reorganization of her defence arrangements. To cope with the increasing military might of Pakistan, she will have to increase her military power, in the first instance, from her own limited resources, thus applying a brake on much-needed economic development. She will also, in all probability, be forced to seek such outside assistance from other quarters as she is able to get. The cold war will thus be brought to India and it would be difficult to prevent the outbreak of actual hostilities. Because of international repercussions, hostilities in India could scarcely be localized and the probability is that these developments would lead to a world-war. Another country which will be similarly affected will be Afghanistan. Its relations with Pakistan have not been always happy and it will be similarly forced to look elsewhere for support to counter the military threat from Pakistan.

Q.5: What will be the effect on the Soviet Union and Communist China?

A: The Pact would give cause for serious offence to both these countries. They would take all possible steps to counteract this settlement. Not only will they try to establish bases on borders of India and Pakistan and take such other steps as logistics will permit, but they will further redouble their efforts to win over the people of India and Afghanistan to their side. Because of the Military Pact between the United States of America and Pakistan, a climate would have been created in India which would be most favourable to the communist cause. They would have willing listeners and also willing tools. The Pact thus would be a

menace to stability of India, to the hard-won freedom of the people and to the cause of democracy in the East.

Q.6: Can United States prevent misuse of force by Pakistan?

A: The answer to this question is definite, and emphatically, "No". The United States has informed us that it does not consider that the Pact will imperil India's interests. This hope, in the context of prevailing sentiments and events, is utterly futile and meaningless. If planes, arms, explosives and other war materials are given to a country, there is no power on earth which could stop it from using these engines of destruction against any country. Any assurance which the receiving country might give to the donor country is not worth the paper on which it is written. In the case of Pakistan, it must be obvious to all except the wilfully blind that her sole objective in seeking this pact is to employ her enhanced military strength against India, first in arguments, and later on the field. The fact that recipients of military assistance cannot be controlled has been amply demonstrated by the conduct of President Syngman Rhee in Korea and by the threatening manoeuvres of the Italian Army, equipped with NATO arms on the frontiers of Yugoslavia. Neither of these protégés of United States could be controlled in the exercise of threats held out by them against their opponents.

Q.7: What is the scope of the Pact and when will it be implemented?

A: The United States Government, beyond admitting that it was thinking of giving military assistance to Pakistan, has vouchsafed no information to us in regard to the scope of the projected Pact or of the degree of military aid which Pakistan will receive. As regards the time of implementation, we learn from newspaper reports that plans will be speeded up on the return of Vice-President Nixon from his tour. It is also reported that Vice-President Nixon is strongly in favour of the grant of military assistance to Pakistan.

As I explained to you yesterday, my Government regards the projected military alliance with the gravest concern. We feel that the consequences of such a Pact will be serious, far-reaching and unpredictable. The Government of Canada will, no doubt, decide its own course of action, but we feel that an expression of their opinion to the Governments of United States and Pakistan will help.

Yours sincerely,

R.R. SAKSENA

432. DEA/50317-40

Note du secrétaire d'État aux Affaires extérieures

Memorandum by Secretary of State for External Affairs

[Ottawa], December 30, 1953

UNITED STATES—PAKISTAN MILITARY NEGOTIATIONS

I received a visit this afternoon from the Indian High Commissioner, during which we discussed the reported negotiations for military assistance from the United States to Pakistan. Mr. Saksena reported his conversations with the Prime Minister during my absence and indicated his satisfaction with the Prime Minister's statement that, although official representations to the United States would not be in order, he would take advantage of any opportunity to raise the matter informally. Mr. Saksena outlined briefly the Indian position along familiar lines although his expression of them was considerably milder than had been the case when he spoke to Mr. Ritchie.

I told Mr. Saksena that we had already shown an interest in Washington in this subject, but that when Mr. Heeney visited Ottawa next week I would ask him to see Mr. Dulles or Mr. Bedell Smith to ask for information on the United States intentions towards Pakistan, explaining that we had a natural interest in matters affecting a member of the Commonwealth. It was of course a delicate matter. We would not wish to offend the Pakistanis by any action which might lead them to believe that under pressure from India we had dissuaded the United States from pursuing a policy which Pakistan would like. I added that we knew very little except what had been reported in the press about these negotiations. If what was involved was merely a question of giving to Pakistan surplus arms, we presumed there would be no objection and that in such a case India itself might be interested in securing supplies. I presumed, however, that more than this was involved, that something in the nature of an M.S.A. agreement was contemplated and this would of course involve or at least imply a more definite alignment of Pakistan with the West than had previously been the case. We, of course, were much interested, because it contributed to our own security, in any arrangement which would assist countries in strengthening themselves against Communist aggression, but we realized of course that there were in this case other aspects which would cause India concern. I said that I felt, however, that the United States' intention was simply to strengthen this area.

Mr. Saksena said that whatever the intentions of the United States were the net result would be that Pakistan would be strengthened vis-à-vis India. I asked him if India would be disturbed if an agreement of this kind were reached between, for example, Burma and the United States, and Mr. Saksena said, after a moment's thought, that he did not think there would be any objection. (If this would indeed be the view of the Indian Government it would seem to dispose of the Indian argument that a political-military tie between the United States and any South East Asian

country would upset the balance of forces in that area and introduce an element which would tend to draw this area into the cold war.)

Mr. Saksena expressed his satisfaction with the steps which I proposed taking. He quite understood our difficult position vis-à-vis Pakistan and implied that India was not asking us to intervene with the Americans by saying that what they really wanted was for us "to understand".

L.B. PEARSON

433. DEA/50317-40

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

PRIVATE AND SECRET [Ottawa], January 2, 1954

I am attaching a copy of a letter I have received from Mr. Reid, our High Commissioner in New Delhi, which I think you will be interested to read.[68]

L.B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

Le haut-commissaire en Inde au secrétaire d'État aux Affaires extérieures

High Commissioner in India to Secretary of State for External Affairs

PRIVATE AND SECRET New Delhi, December 23, 1953

Dear Mike [Pearson],

As you can well imagine the situation here is tense and confused. The Indians are, of course, doing their best to make us believe their dire predictions of what is likely to happen within India if the United States agreement with Pakistan goes through. The Americans in private conversations and inspired press stories are doing their best to counteract this propaganda.

I would have more confidence in my own appreciation of what is likely to happen in India if I had been here for thirteen years not thirteen months. As it is I feel very conscious of my inability to gauge how the underlying forces and the stresses and strains within India are likely to be affected if the United States does grant military aid to Pakistan on a considerable scale.

It is not simply, of course, that this country is so large and that its various regions differ so widely; it is much more that so many of the deeper currents of

[68] Note marginale :/Marginal note:
Thank you L. St. L[aurent]

Indian life lie far under the surface where a westerner can scarcely hope to penetrate.

For example, there must be a bitter struggle going on within Hinduism between what we would call modernists or liberals and the fundamentalists or traditionalists. I assume that this struggle is reflected in the politics of this country. This should not surprise a Canadian since in the eighties and nineties in Canada, much less profound differences within the Roman Catholic church in French Canada were reflected in politics in French Canada. But Laurier though he was accused of being a liberal with a small "l" had never, unlike Mr. Nehru, written books openly declaring himself to be a rationalist and pouring contempt on the beliefs of many parish priests.

There are fundamentalist Hindu groups within the Congress party with leaders such as the President of India, Dr. Prasad. There are more extreme Hindu fundamentalist groups outside the Congress party. These groups tend to be contemptuous about the whole of western civilization or at least to believe that it is safer for India to try to reject as much of western civilization as possible.

One indication of their attitude is their fairly successful campaign against the use of English and the efforts which they are making to degrade the teaching of English.

Another indication of their attitude is their suspicion of Indian officials who wear western dress, send their children to western schools and speak English and not Hindi. Most Indian officials now wear Indian dress to official Indian Government evening functions though they wear western dress at the office. It looks as if they will soon be virtually compelled to wear Indian dress at the office. The more anglicized pro-western officials already feel their position weakened and this kind of rule will make them feel weaker still. Conceivably if the Hindu fundamentalists should get even stronger the situation in India could become similar to that behind the Iron Curtain: anyone educated in the west would be suspect and would eventually be pushed out of any position of influence.

Dr. Katju, the Home Minister, is a very charming, cultivated lawyer who has been most friendly whenever we have met but his public statements attacking foreign missionaries were so extreme that the Prime Minister had to water them down. They were sufficiently extreme when passed from mouth to mouth as to lead some illiterate Hindu villagers to believe they were doing what he wanted when they beat up some fellow villagers who had become converted to Christianity.

The big industrialists form another right-wing group within the Congress party. They don't like nationalization and they are not necessarily Hindu fundamentalists, though Birla is, but they like protection against foreign imports and they can use for their own purposes xenophobic nationalism stirred up by the Hindu fundamentalists.

The Hindu fundamentalists are opposed to a secular state. The more extreme of them want a Hindu state just as the Muslim fundamentalists in Pakistan want an Islamic state. One might think that because of this they would want as few Muslims in India as possible and would not, therefore, be keen on India annexing Kashmir. On the contrary, they are strong advocates of a firm policy in Kashmir.

The worse relations get between predominantly Hindu India and predominantly Muslim Pakistan the easier it will be for the more extreme Hindu fundamentalists to reduce the forty million Muslims in India to the role of second class citizens. It would be too much to hope that there would not be a Senator McCarthy among them who would go so far as to call many of the leaders of the Muslim minority, Fifth Columnists.

The Communists are strong among the frustrated intellectuals and the lower middle class. Anti-Americanism is for them a most useful cry. Like all Communists they are in Toynbee's sense westernizers because their aim is to impose a western conceived pattern on India but in practice they have no difficulty in playing on the same anti-western passions as the Hindu fundamentalists.

I have been told recently by a very good authority that in the armed services and even in the Foreign Service there are a few officers who though not Communists have been swept off their feet by what seems to them to be the way in which Russia and China have put themselves in a position where they can now talk to the United States as equals. They are also tempted by the totalitarian shortcuts to economic improvement.

Since the death of Gandhi and Patel,[69] Mr. Nehru has reached a position of dangerously lonely eminence. He towers above all the other leaders of the Congress party. I understand that there is no one in Cabinet who has any substantial influence on him in matters of foreign policy. Pillai has not been able to exercise the same moderating influence on him as Bajpai did.

When a statesman has reached the position of lonely eminence that Mr. Nehru has he is likely to be the centre of palace politics and to be surrounded by flatterers. I am told that many of the people who surround Mr. Nehru pour flattery on him in order to get power for themselves or his support for the policies they favour and that he does not appear to be sickened by this flattery; that for the most part, these flatterers press him into extreme courses; that they do not counsel moderation; and that they also encourage him in those apprehensions of United States policy which he shares with liberal democrats very much like himself in the British Labour party.

Mr. Nehru loves to go about the country addressing hundreds of thousands of people. He returns to Delhi exhilarated. But the adulation of hundreds of thousand of one's countrymen is a dangerous stimulant.

Mr. Nehru is I am certain a very great man. He is, as you know, liberal, humane, rational, intelligent, very westernized in his values and in his ways of thinking. But how deeply has an already proud aristocrat been affected during the past five years by power and adulation? The more deeply he has been affected the greater the danger that resentment at United States policies and tactics and at the insulting language directed against him in the press of the United States may drive him into public speeches and courses of action which will make it very difficult for Con-

[69] D'août 1947 jusqu'à sa mort en décembre 1950, Sardar Vallabhbhai Jhaverbhai Patel a été ministre des Affaires intérieures, ministre de la Diffusion et de la Radiodiffusion, ainsi que ministre d'État et vice-premier ministre de l'Inde.
Sardar Vallabhbhai Jhaverbhai Patel was Minister for Home Affairs, Information and Broadcasting, and States, and Deputy Prime Minister of India from August 1947 until his death in December 1950.

gress to vote economic assistance to India or India to accept it and which in other ways will widen the rift between India and the United States and narrow the gap between India and the Soviet Union.

Two months ago I was fairly certain that, though there were cross currents, in general things in India were moving in what we in the west would consider the right direction both in foreign policy and in internal development. Even then, however, the balance was nicely poised. But if the depths are stirred in India, as they may well be if many Indians should believe that the United States is putting pressure on them to join the western camp, I do not know what will happen. My guess is that the resulting stresses and strains within India will result in strengthening the forces in India which are inimical to the best traditions of the west and which in the long run are opposed to the interests of the west.

Perhaps we in the west have to run this calculated risk. You in Ottawa are able to judge this. I cannot from here. But I would be happier if I could feel more certain than I am now that United States policy towards India is based on a cool calculation of the long-run national interests of the United States and that there has been a careful weighing of military, political, economic and "moral" considerations, and of long-run against short-run factors. As it is I have the uneasy feeling that United States policy towards India today is greatly influenced by wholly understandable but nevertheless irrational factors — in particular a resentment against Mr. Nehru for his moral lectures to mankind, his general attitude of moral superiority, his criticisms of United States policy, his organization of an opposition to the United States in the United Nations, and his failure to show gratitude to the United States for the economic aid they have given India.

Mr. Nehru is guilty in not having realized sufficiently that India like every other country should conserve its diplomatic resources and that it cannot afford the luxury of indulging in public crusades against other countries, especially when they are powerful and friendly, except on the very rare occasions when the national interests of India can be served only by conducting such public crusades. Mr. Nehru is also at fault in not having realized, at least until recently, that his moral stature in the world has been diminished by his attitude on Kashmir.

The Belgian Ambassador told me last week that he found in Brussels this summer that officials in his Foreign Office had been "bored" by India's behaviour on the colonial question. The French Ambassador who was likewise on home leave this summer told me that he found boredom and resentment among officials in his foreign office. He also found among many of his colleagues at the Foreign Ministry in Paris a stubborn belief that Mr. Nehru is pro-Communist. When he spoke to them of his admiration for Mr. Nehru and his conviction that Mr. Nehru is a great man, a liberal and as pro-western a Prime Minister as India could have, he found that his remarks were met with a feeling of impatience.

I am sure in Washington there is much more resentment and boredom about Mr. Nehru than in Brussels and Paris. I am also sure that in Washington there is much more scepticism about the reality of Mr. Nehru's belief in the values of our western civilization and in his private protestations that his policy of non-alignment serves the interests of the west as well as those of India. It seems to me that the scepticism

is more the result of boredom and resentment than of an attempt to probe into Mr. Nehru's mind and spirit.

Yours sincerely,
ESCOTT REID

P.S. I am sending Hume [Wrong] a copy of this letter. E. R[eid]

434. DEA/50317-40

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

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

CONFIDENTIAL [Ottawa], January 30, 1954

CONVERSATION WITH THE INDIAN HIGH COMMISSIONER

Mr. Saksena spent an hour with me this morning and brought up a number of questions.

1. He asked me whether I could give him any further information about the American reaction to the Pakistani aid arrangement or on the progress that had been made in this matter in Washington.

I told him that we discussed the matter twice with the State Department, but had not received any new information. I gave him my personal view that the publicity which this matter had attracted may have caused the United States Government to give it a second thought, and that there had obviously been a reexamination of one kind and another, for no action had yet been taken. I also pointed out that, as I told him before, the proposed arrangements did not go nearly as far as some people either hoped or feared, and that there did not seem to be any question of territorial bases involved. Indeed, I felt that the alarm over bases had been somewhat exaggerated in India. Mr. Saksena's views, however, remained unrevised and unrepentant. He said that all the talk about bases had come originally from the United States in the form of Press stories, and that the Indian Government was quite justified in taking alarm. In any event, even without bases, the matter was important and would cause great harm, as upsetting the balance of military power between the two countries.

Mr. Saksena then asked me if there was any ministerial or departmental foundation to Mr. Daniell's story which appeared in the *New York Times* a few days ago that the Prime Minister on his Asian tour had no intention of mediating between India and Pakistan on this problem; that Canadian opinion felt that its importance had been exaggerated by India; that because India wished to be neutral was no reason that neutrality should be enforced on other countries, like Pakistan.

I told Mr. Saksena that I was sure this story had not come from the Department, though it was quite accurate in his expression of the Prime Minister's anxiety not to be involved in this dispute during his visit. Mr. Saksena seemed a shade disappointed that we were taking such a negative attitude. I told him, as I told him

before, that we appreciated the importance of the issue and deplored the trouble it had caused. I added, moreover, that while we did not think Pakistan should be condemned for strengthening itself against Communist aggression (Mr. Saksena intervened that it was not Russia but Kashmir and India that Pakistan was thinking of). Nevertheless, I was somewhat worried about the new suggestion that American aid should be linked with an association of Pakistan, Iran and Turkey for co-operative defence. My worry was not concerned with the three countries co-operating for this purpose, but with the interpretation that might be given to it as a further eastward extension of NATO.

2. Mr. Saksena felt that I had gone too far in my statement in the House yesterday in insisting that the release of non-Communist prisoners in Korea was not only legally but morally justified.[70] He said that the prisoners in question, under the armistice arrangement, indeed, even under our interpretation of it, should have been returned to civilian status, whereas, in fact, they had merely become conscripts in Chiang Kai-shek's army without any choice. There is, of course, something in this argument, but I told the Indian High Commissioner that our main objective was to liquidate this problem with a minimum of trouble, and this was the only way in which it could be done. Furthermore, I argued that the prisoners in question could have opted for return to China if they had so desired. Mr. Saksena did not, however, seem to think that they had, in fact, been given this alternative.

I think that we should enquire of the Americans as to what has happened to these Chinese prisoners; whether they were released to civilian status or merely paraded into Chiang Kai-shek's army whether they wished to go or not.

3. Mr. Saksena, while emphasizing that he was not making any representations on the subject to the Canadian Government, read to me memoranda in which his Government made representations to the United Kingdom Government on:

(a) The Central African Federation, with its discrimination against Africans and non-Europeans;

(b) The situation in Kenya;

(c) The situation in British Guiana;

(d) South African treatment of Indians and other non-Europeans.

I asked him if he would leave with me the memoranda in question, and he said he would send them along next week for departmental consideration.

He emphasized that India had the right to make its views known on these matters, not merely because they concerned persons of Indian race, but because of India's Commonwealth connection.

4. I took advantage of the opportunity to explain to Mr. Saksena in considerable detail the reason why, at the last minute, we had changed our view and decided

[70] Voir Canada, Chambre des Communes, *Débats*, 1953-1954, volume II, pp. 1678-1679./See Canada, House of Commons, *Debates*, 1953-1954, Volume II, pp. 1589-1590.

against holding an Assembly at this time.[71] The High Commissioner seemed to understand our position.

L.B. PEARSON

5e PARTIE/PART 5

VISITE DU PREMIER MINISTRE
PRIME MINISTER'S TOUR

435. DEA/11563-40

Le sous-secrétaire d'État par intérim aux Affaires extérieures au sous-secrétaire d'État suppléant aux Affaires extérieures

Acting Under-Secretary of State for External Affairs to Deputy Under-Secretary of State for External Affairs

SECRET Ottawa, February 2, 1954

Dear Mr. [C.S.A.] Ritchie,

The Minister has talked to the Prime Minister about the general line he will follow in conversations during his tour. As you know, Mr. St. Laurent's purpose is to see for himself something of the countries he will visit, especially those in Asia, to meet and talk with leaders in these countries, and to demonstrate to the people of these countries the friendly interest of the Canadian people. His trip is, in the best and largest sense of the term, a "goodwill tour." I enclose a copy of his statement on the tour to the House of Commons on January 29th.

The Prime Minister will, of course, be very much interested in whatever the leaders he talks to are prepared to tell him about their policies and points of view, and he will naturally, where appropriate, explain our policies and points of view. While there are no policy questions which he wishes to raise, there are what might be called general effects which we hope his visit will create in the various countries; and it is probable that leaders in some countries will raise policy questions with him.

France, Germany and Italy

In the papers which we have submitted for inclusion in the Prime Minister's Brief,† you will find references to matters which may be mentioned in discussions in the European countries which you will visit. We have also provided documents which will provide you with background material on some of the main items. You will, of course, find yourself on familiar territory during the European part of the tour both because of your previous experience in that area and because of your responsibilities in the Department which kept you closely in touch with European

[71] Voir/See Document 10.

affairs until a recent date. It seems hardly necessary, therefore, to include in this letter any detailed information about the European countries which you will visit.

We have attempted to cover in the Prime Minister's Brief and the collection of background papers the main items of concern in France, Germany and Italy, but there are a few pieces of unfinished business for which the Missions in those countries will be responsible for providing up-to-date information. In view of the fluid political situations in France and Italy, we have asked the Embassies there to have ready on your arrival up-to-date lists of Government members. We have also asked the Embassy in Bonn to bring up to date a section of the Prime Minister's Brief which reports on developments at the Berlin Conference only up to January 31. We are forwarding to the Embassies in France, Germany and Italy copies of the Briefs for those countries, and it is our hope that the Missions will be able to inform you of any last minute developments which might necessitate revision or amendment of any parts of the Brief prepared here.

As you so well know, one of the most delicate problems of French foreign policy at the moment is the question of ratification of the European Defence Community Treaty. At the recent meeting of the North Atlantic Council, in a subsequent press conference, and in the discussion of external affairs which took place in the House of Commons on January 29, the Minister states quite clearly Canadian support for the EDC while at the same time he expressed understanding for the concern felt by France regarding the new strength of Germany. As you know, the French have reacted sensitively to statements of Sir Winston Churchill and Mr. Dulles which were interpreted as threats directed towards France, in order to prod that country into ratification of the EDC Treaty. Mr. Pearson, however, has been commended in the French press and by political leaders in France because of his understanding attitude and his moderate language. If the question of EDC ratification arises during discussions in France, I should think that the line already laid down with such success by the Minister might well form the basis for the expression of any views on this subject which might be called for during your visit.

In Germany, there is likely to be considerable pre-occupation with developments arising out of the Four-Power Conference now taking place in Berlin. It is obviously not possible for us to provide much guidance either in the Prime Minister's Brief or in this letter for discussions in Germany concerning the Conference. However, the Embassy in Bonn has arranged for regular attendance in Berlin of officers from Bonn and Mr. Davis himself will spend some time in Berlin so long as the Conference is in session. You will have no difficulty, therefore, in learning in detail from the Embassy what happened at the Berlin Conference.

We would hope that during your visit to Rome, your Italian hosts will refrain from putting before you their case on Trieste. We have included a note on Trieste in the Prime Minister's Brief, but, of course, we have not been directly concerned with the delicate negotiations on this subject, and, as you will realize, we wish to avoid any statement which, if it were made public, might prejudice negotiations which are still proceeding. It may be that the Italians will still be pre-occupied with a political crisis when you arrive in that country; the Embassy will be able to report to you on the political situation at that time.

I do not consider that we need to include in this letter any further points of detail regarding France, Germany or Italy. But of course, if it occurs to you that we have omitted in all the material assembled for the tour reference to other matters which you believe to be of importance, do not hesitate to let us know and we shall endeavour by telegram to repair our omissions.

Pakistan, India and Ceylon

In Pakistan, India and Ceylon we hope that the Prime Minister's visit will strengthen a feeling of friendliness toward Canada among leaders and on the part of the people. We also expect that his visit will reinforce the disposition of leaders to keep their countries within the Commonwealth. It should forcibly remind them that the Commonwealth benefits them as well as us, especially as it gives them an opportunity to make their views understood in several important western countries.

As you know, we feel it would do more harm than good to attempt to "sell" any of these leaders on the Commonwealth, or to suggest to the Pakistanis or the Ceylonese that they should retain the link with the Crown. Also, any discussion of ways in which the Commonwealth countries might improve their methods of cooperation is bound to raise a number of contentious issues which might better be left to the leaders of the other countries to raise, if they are raised at all. We nevertheless hope that a somewhat fuller impression of the attitude of these countries toward the Commonwealth may emerge from the tour.

We also hope that Mr. St. Laurent may find an opportunity to allay some of the more extreme fears of Western policy, and in particular of United States policy, which prey on the minds of Indian leaders, and to a lesser extent on the minds of the Ceylonese. This is very delicate ground, since anti-American feeling is strong in India now, at least among the public. The good effect of Mr. St. Laurent's visit could be substantially vitiated by too deliberate an effort to justify United States policy. The wisdom of trying to maintain consistency in what is said in Pakistan and India on Kashmir will be evident. While we fully supported the United Nations approach when we were on the Security Council, we have expressed no views to either side since we ceased to be directly concerned. It might be best to adopt the attitude of one who wishes to understand rather than of one who wishes to advise.

On broad questions of United States policy care is even more desirable, since we cannot, of course, speak for the United States. We can, however, try to help the Indians to understand that the United States' basic aims are essentially peaceful, that the American people are a fine and generous people, and that in any case the United States is only one member, if the leading member, of a group of states which believe in collective defence. Points of this kind can be made in the course of conversation as the general question of United States policy arises, without in any way suggesting that we feel India should alter *her* policy and, I think, without giving the Indians the impression that we blindly follow the United States line or are attempting to persuade them to agree with it.

We also hope that the Prime Minister's conversations will lead to a fuller understanding here of the policies of the Indians, Pakistanis and the Ceylonese, as well as to a fuller understanding of our policies on their part. The Prime Minister has no desire to attempt any sort of mediation on such contentious issues as Kashmir or

United States military aid to Pakistan. Naturally, we would be glad if his private influence in the two capitals were such as to promote a constructive and reasonable attitude towards Indo-Pakistan problems, and we have no doubt that his general effort will be not only to understand the Pakistan and Indian points of view but also to encourage their leaders in an attitude of mutual trust and conciliation.

Initiative, from the Pakistan side will likely be mainly over Kashmir, and perhaps canal waters, and the Indian attitude on the question of United States aid to Pakistan. We do not yet know what lies behind the rather extraordinary Pakistan suggestion that Lieutenant General Simonds and Major-General MacQueen, of Canadian Arsenals Limited, should accompany the Prime Minister in Pakistan. We intend to do nothing about this unless we are approached officially by Pakistan, which now seems most unlikely.

Mr. Nehru will no doubt explain the Indian point of view on the question of United States aid to Pakistan. He will also, I am sure, put before the Prime Minister the Indian point of view on current Korean problems. A recent telegram from New Delhi suggests that the Berlin Conference and the "New Look" in United States Defence policy might be the subject of questions at the Press Conference. Mr. Nehru may also wish to discuss these questions. Indeed he is almost certain to roam over the broad field of Foreign Affairs.

In Ceylon Sir John Kotelawala may explain the Ceylon attitude toward the question of Ceylonese citizens of Indian origin.

In all three countries the question of Colombo Plan assistance will probably come up in a broad context.

Indonesia

Your visit to Indonesia will be brief and we do not expect significant policy questions to be raised there. As you know, southeast Asia is at the farthest corner of the broad Pacific Ocean from Canada and has not been an area of much direct Canadian interest. It is for us today a sort of transitional zone between the Commonwealth countries of South Asia and the nearer Far East countries of the Northwest Pacific. Southeast Asia assumes importance because of the wobbly legs on which the new born states there try to stand, the natural resources of the area, the threat of Chinese Communist imperialism, and the intimate concern of the majority of Commonwealth countries in the area.

As the Indonesian Government looks at many of the broad international questions from a point of view substantially similar to India — and, indeed, looks to Mr. Nehru for leadership — many of the observations made above concerning discussions with Indian leaders will be applicable to discussions in Indonesia. You will be aware of the special Australian interest in Indonesia because the archipelago lies across the route of any invasion from Asia. You will also know that the Australians have made common cause with the Dutch in resisting Indonesian efforts to take over Western New Guinea which was formerly a part of the Netherlands East Indies. These are local issues in which we need not become involved.

Netherlands-Indonesian relations are strained. You will recall that during all our efforts in the Security Council in 1948-49 to resolve the Netherlands-Indonesian

dispute we sought to balance our recognition of the legitimate aspirations of the Indonesians for self-government with our recognition that the Netherlands could continue to make an important contribution to the development of Indonesia if a satisfactory partnership could be worked out. We regret that the Netherlands-Indonesian Union has not worked out.

The Canadian interest in Indonesia is to see the development of a democratic nation capable of maintaining its military and economic independence and desirous of cooperating with us and our friends in the international community. To this end we are prepared to extend technical assistance to Indonesia under the Colombo Plan and, of course, welcome all forms of cooperation under the aegis of the United Nations. We think that other nearer neighbours have a more direct interest in defence coordination and for that reason turned down an Indonesian request for a Canadian military training mission. We are, of course, keen on the promotion of commercial relations.

Korea

It is difficult to give you advice at this stage regarding the discussion of Korean questions. Events in the coming weeks may outdate current advice. We have tried to bring the brief up to date to the end of January and I think that you will find in it an adequate summary of the positions we have taken on the various issues. We will try to keep Escott Reid in New Delhi up to date on developments likely to come up for discussion in India. Morley Scott will be joining the party in Korea and we will try to ensure that he is brought up to date before he goes over.

Japan

We do not anticipate that any difficult policy questions will be brought up for discussion by the Japanese. We now expect that the Commercial Agreement will be signed before the end of February and we hope that the present misunderstanding concerning the sale of 500,000 tons of U.S. surplus wheat to Japan under Section 550 of the MSA Act will be dealt with before your arrival in Japan.[72] The only other possible difficult questions that might be raised concern Japanese emigration to Canada[73] and clemency for major Japanese war criminals. Both of these matters are adequately covered in the brief.

General Considerations

You are no doubt au fait with current developments as they are known in London, and you will be able to keep abreast of further developments in certain fields by consulting with Heads of Missions as the tour proceeds. We will make suitable arrangements to inform you of other developments on important fields in the course of the tour. We will ask Heads of Missions to inform us particularly of any developments of particular significance to the tour, which occur before you arrive at their posts.

The Minister may wish further instructions sent to you from time to time to supplement this letter. To assist us in keeping our finger on the pulse of the tour, we

[72] Voir/See Documents 811-818.
[73] Voir/See Documents 819-820.

would be glad if you would send us a summary telegraphic report on leaving each capital and we hope you will not hesitate to raise with us any questions on which you would like our advice.

There are a number of points which you will have to play somewhat by ear. For example, the present draft of the Prime Minister's speech in New Delhi contains two paragraphs referring to the United States. If anti-American feeling is high in India when you arrive, it might be advisable to omit these paragraphs.

Notes for the Prime Minister's guidance on meeting the press on arrival and at press conferences have been prepared, but these can only be informed guesses this far in advance, and you, with the assistance of Heads of Missions, should modify or amplify these as necessary.

You will be supplied with a "political" brief in two copies, with some background material compiled separately. You will also have sets of the programmes by countries with as much detail as we now have regarding arrangements. A copy of the brief and of the programme should be available to the Prime Minister at all times when you are in flight. A copy of the Minister's Handbook will be on the plane, along with some suitable books. The Department of National Defence are providing a separate brief. You will also have, for your own use, a brief on administrative questions which missions might raise with you..

We will suggest to Heads of Missions that they endeavour to arrange conversations with officials whenever your time will allow and the Head of Mission feels this would be appropriate and useful. As you know, however, your first duty is to be available to the Prime Minister and to see that, so far as is humanly possible a continuous record of the substance of his conversations is kept in some way. When the Prime Minister is not inclined to dictate to his secretary we hope that he might, when time allows, chat with you after an interview. You will simply have to use your own judgment in deciding how far you yourself can go in arranging matters this way.

You might wish to keep in mind that when he returns, the Prime Minister will report to Parliament and will probably meet the press. It would assist him and us if material for these purposes were progressively prepared.[74]

In spite of the many responsibilities which this letter suggests you are to carry we hope that the interest of the trip will have its compensations for you.[75]

Yours sincerely,

R.A. MACKAY

[74] Très peu de documents substantiels sur les entretiens du premier ministre ont été renvoyés à Ottawa. Les hauts fonctionnaires et les ministres ont dû se fier aux comptes rendus des médias pour savoir où en était la tournée de M. Saint-Laurent.
Very few substantial reports on the Prime Minister's discussions were sent back to Ottawa. Officials and ministers relied on public reports for news of St. Laurent's tour.

[75] Pearson a approuvé cette lettre le 2 février 1954.
This letter was approved by Pearson on February 2, 1954.

436. DEA/11563-5-6-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 88 New Delhi, February 26, 1954

SECRET. IMMEDIATE.

Following from Ritchie, Begins: You will have now received the High Commissioner's telegram No. 87 of February 25th† giving the text of excerpts from the Prime Minister's press conference in particular the excerpts in which Mr. St. Laurent, in answer to a question, expressed in general terms his endorsement of Mr. Nehru's appeal for cease-fire in Indo-China. Mr. St. Laurent was much impressed during our stay in Paris by the fact that continued French involvement in Indo-China was crippling the possibility of French participation in E.D.C. M. Laniel in his expose of Indo-China problem to the Prime Minister spoke in almost despairing tones of the difficulty which the situation there was creating for France and of the impossibility of seeing any way out. In the Prime Minister's talks with Mr. Nehru the subject of Indo-China has only been broached in very general terms and Mr. Nehru made no, repeat no, request for any endorsement of the position he had taken with regard to a cease-fire. The Prime Minister's statement to the press in response to a question therefore was not, repeat not, in any way pre-arranged with the Indians but represented Mr. St. Laurent's conviction that any move which might in the interval between now and the Geneva meeting lead to a cessation of bloodshed and produce a better atmosphere for fruitful negotiation was worthy of support.

2. The French Ambassador here came to see me this afternoon and I explained the Prime Minister's position to him along the above lines. Count Ostorog said he had already cabled his government that in his view the Prime Minister could have made no, repeat no, other reply when this matter was raised at the press conference. He added that he foresaw certain difficulties in the way of Mr. Nehru's proposal. In the first place there was no, repeat no, fixed battle line in Indo-China but a fluid and fluctuating situation in which small scale guerilla initiative played a great part. It was difficult to know whether any central authority controlled these guerilla bands effectively and it would be difficult to organize a cease-fire without a cease-fire line. There was, therefore, plenty of opportunity for bad faith on the part of Ho-Chi-Minh. In the circumstances it would be essential to have firm preliminary guarantee before a cease-fire could be contemplated. Secondly, it was important that there should be no, repeat no, appearance on the part of the French of weakening at this stage lest it should undermine their position at subsequent conference. Thirdly, it had to be remembered that Nehru was not, repeat not, only opposed to the continued presence of the French in Indo-China but also to the Bao-Dai régime and that he would prefer to see Ho-Chi-Minh in power in Indo-China rather than the establishment of the associated state. The Ambassador said that his government was

studying the situation but did not, repeat not, propose at this time to make any public statement. Ends.

437. DEA/11563-5-6-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 95 New Delhi, March 3, 1954

CONFIDENTIAL AND PERSONAL. IMPORTANT.

PRIME MINISTER'S VISIT

Following for Pearson from Reid (in Madras), Begins: The visit to India was an immense success and a personal triumph for Mr. St. Laurent. The mutual affection and respect between the two Prime Ministers deepened. To begin with there was a certain reluctance on both sides to speak openly to each other but as the conversation went on the ice was broken and Mr. Nehru arranged for two unscheduled private talks on the last two days of the visit.

2. Mr. St. Laurent's press conference in New Delhi will long be remembered by press correspondents who were present. It was an extraordinary achievement. He did not, repeat not, ask for notice of questions. He spoke without notes and as fully and frankly as the press correspondents could have desired.

3. Mr. St. Laurent is enjoying his trip. He has told me he has received more "impressions" in the past week than in the whole of his previous life. He is well and is meeting his first taste of warm weather with equanimity. Please tell Madame St. Laurent this and that Mrs. O'Donnell and Dr. Davey are taking the greatest possible care of him. Ends.

438. DEA/11563-5-6-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 96 New Delhi, March 3, 1954

SECRET. IMPORTANT.

CONVERSATIONS BETWEEN THE TWO PRIME MINISTERS

Mr. St. Laurent had five meetings with Mr. Nehru, dinner at Mr. Nehru's house on February 21st; call on Mr. Nehru at his office in the morning of February 22nd; family dinner with Mr. Nehru February 22nd; discussion before and after lunch

February 24th; one hour's talk before dinner February 25th. At the last two meetings discussions were tête-à-tête.

2. At the first three meetings Mr. Nehru was cordial but he was not, repeat not, willing to speak directly about important issues on foreign policies. He warmed up as the visit proceeded and was forthcoming at the last two meetings.

3. Mr. St. Laurent got the feeling that Mr. Nehru welcomed the opportunity to talk frankly to someone who was sympathetic and willing to try to understand his point of view. Mr. Nehru said that in his opinion so many Americans, such as Mr. Nixon, are so intolerant of the differences of opinion that discussion on such differences is not fruitful. Indeed at one point Mr. Nehru remarked that he could talk to Mr. St. Laurent and other Canadians on an intimate basis which would not be possible with an American.

4. Mr. Nehru spent a good deal of time pointing out his approach to the problem of nationalism in Asia and Africa. In discussing this he said he was not referring to South Africa. Mr. St. Laurent believes he left South Africa out because of a certain delicacy of approach, he considers it improper to try to take advantage of Mr. St. Laurent's presence to argue his case against a fellow member of the Commonwealth. Mr. St. Laurent added, in speaking to me about this, that in any event Mr. Nehru knew his own personal views.

5. Mr. Nehru was extremely critical of French policy in North Africa.

6. So far as Indian minorities in Africa are concerned, he said he asked no more for them than equality of treatment with Africans.

7. Mr. St. Laurent told him that outside India Mr. Nehru's conduct of policy over Kashmir was quite widely regarded as incompatible with the idealistic and pacific principles of which he was spokesman (Mr. St. Laurent had also put this point to Dr. Radhakrishnan). Mr. Nehru said he knew he was accused of being intransigent on Kashmir because he himself was a Kashmiri. This was not true. The idea that the Vale of Kashmir should go to Pakistan merely because it was Muslim was contrary to his whole policy of secular states in India.

8. Some Hindus in India believed Pakistan wanted Kashmir as part of a plan to restore Muslim supremacy over the whole of the subcontinent. Mr. Nehru said that personally he thought this view "preposterous" but it had its root in the history of the sub-continent. If many Indians came to hold this view, communal passions would be aroused in India and efforts would be made to reduce the 40,000,000 Muslims in India to the role of second-class citizens.

9. On the question of military aid to Pakistan, Mr. Nehru said that he was quite sure the Americans were acting in good faith but he was also sure they were making a mistake. The assurances given him that the United States would intervene if Pakistan used arms in aggression against India was like promising to scoop up spilt milk.

10. A separate message has been sent to you on sponsoring the cease-fire in Indo-China[76] and my immediately following telegram deals with Mr. Nehru's views on

[76] Non retrouvé./Not located.

French possessions in India. The telegram on Indo-China was written by Ritchie. The Prime Minister has approved this present telegram and telegram on French possessions.

439. DEA/11563-5-2-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 97 New Delhi, March 3, 1954

SECRET. IMPORTANT.

DISCUSSION BETWEEN THE TWO PRIME MINISTERS ON FRENCH POSSESSIONS IN INDIA

1. Mr. Nehru told Mr. St. Laurent that the Indians felt strongly about retention of colonial pockets in the sub-continent. The Indians could see no justification for retention of these pockets which was offensive to Indian opinion. Mr. Nehru did not think that the French position in India was of any economic importance to France. Nor was the continuance of French sovereignty necessary to serve the purpose of French culture in India. He was himself anxious to continue and even increase the value of these territories as the center of French culture in India to which the Indians could resort in order to learn more about French culture.

2. Mr. Nehru conveyed the impression that he was prepared, in negotiations with the French on the future of French position in India, to go almost any length in the direction of autonomy for these areas provided Indian sovereignty was recognized. Mr. St. Laurent derived the impression that Mr. Nehru's critical attitude towards French policy in North Africa was in some measure consequential on French insistence on retaining their territory in India.

3. Count Ostrorog, the French Ambassador has asked me to give him information on questions relating to France which came up in conversation between the two Prime Ministers. Mr. St. Laurent has requested that on my return to New Delhi I should see the French Ambassador and open my conversation by referring to his request. I should then make it quite clear that Mr. St. Laurent was not passing on any message to the French Government from Mr. Nehru nor in any way associating himself with the views expressed by Mr. Nehru. I would give the French Ambassador the information set forth above simply as a record of a conversation passed on to the French at their own request. It would obviously be very tricky for us to get involved as a go-between in this matter.

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Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

PERSONAL AND CONFIDENTIAL New Delhi, March 8, 1954

Dear Mike [Pearson],

I got back to Delhi this morning, Monday, March 8, after a very pleasant and interesting five-day stay in Madras. I stayed on after the Prime Minister left on Sunday, February 28. I shall be reporting on my visit to Madras separately in a despatch.

This present letter will supplement my personal telegram to you about the Prime Minister's visit (telegram no. 95 of March 3) and my official telegrams and despatches† on the subject.

As I said in my personal telegram, the Prime Minister's visit to India was an immense success and a personal triumph for him. His dignity, sincerity and obvious pleasure at being in India were all factors in making his visit memorable.

I was naturally worried when I learned his visit to India would coincide with the final moves in the United States negotiations with Pakistan — the public statement in Karachi, the personal message from Mr. Eisenhower to Mr. Nehru,[77] and the public statement in Washington. This coincidence of course made Mr. St. Laurent's task more difficult. However, it also gave it an immediate value which it might not otherwise have possessed. I think that Mr. St. Laurent's presence tended to distract Mr. Nehru from his worries over the Pakistan agreement. It may have had a sort of sedative effect on him.

It is indeed possible that Mr. Nehru's references to the United States in his public statement on March 1[78] might have been more bitter if it had not been for Mr. St. Laurent's visit the week before.

The visit has certainly deepened the understanding and friendship between the two Prime Ministers. It has also, I think, strengthened Mr. Nehru's friendly feelings towards Canada and Canadians generally. I am sure you will find that it has had a reciprocal effect on Mr. St. Laurent.

The publicity about the visit and about what Mr. St. Laurent said in India has increased the understanding in India of Canada. I was a bit apprehensive for a while that we had laid on a bit too thick the friendly references to the United States in the Prime Minister's speech to Parliament.[79] Perhaps I should have recommended to the Prime Minister that while the substance of this part of the speech

[77] Voir/See United States, Department of State, *Bulletin*, Volume XXX, No. 768, March 15, 1954, pp. 400-401.
[78] Voir/See *Survey of International Affairs, 1954*, London: Royal Institute of International Affairs, Oxford University Press, 1957, p. 204.
[79] Voir/See Canada, Department of External Affairs, *Statements and Speeches*, 1954, No. 14.

remained unchanged the length be reduced by about a third. There was, I think, a feeling among many who heard the speech that the references to the United States were too effusive but the Prime Minister's press conference more than counteracted this feeling, in particular the independent line which he took on Chinese representation in the United Nations,[80] on Indo-China, on Goa, and on colonialism generally.

The Prime Minister's speeches and statements in India taken as a whole have, I think, given a clear picture to the Indian public of the general line of our foreign policy — that while we in general support the same policies that the United States supports, we also are prepared to advocate policies which the United States does not necessarily favour.

For the first two days of the visit I feared that while on the surface things would go well between the two Prime Ministers, they would not get down to the heart to heart talk which I am sure both of them wanted.

At the first meeting between them there was an atmosphere of constraint on both sides. Madeleine O'Donnell, who strikes me as being a shrewd observer, told me that her feeling was that Mr. St. Laurent and Mr. Nehru were both counting so much on their private talks that each was shy when they first met. You will recall that we had deliberately arranged two meetings in the first two days at which it was understood that the two Prime Ministers would be alone and that we had also arranged that there should be a family dinner party at Mr. Nehru's house on the second day. The first meeting turned into a dinner party which included Lady Mountbatten who was a guest at the Prime Minister's house. The second had to be called off because Mr. Nehru had to give a speech in the House, and at the third — a family dinner — Mr. Nehru seemed almost to avoid talking to Mr. St. Laurent.

The atmosphere at the family dinner at the Prime Minister's house was not too relaxed. I therefore suggested to Mr. Nehru after dinner that since he had dressed up in your honour he might also do so for Mr. St. Laurent. Mr. Nehru did not need much persuasion and the yellow Ladakh costume with the sort of Tibetan hat which

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[80] Dans sa réponse à la question d'un journaliste sur la politique de l'Occident à l'égard de la reconnaissance de la République populaire de Chine, le premier ministre Saint-Laurent a fait remarquer «à ce moment-ci, ce n'est pas le gouvernement nationaliste à Formose qui représente cette grande masse humaine . . . Soyons réalistes . . . Si le peuple chinois doit être représenté, il devra un jour l'être par ceux qu'il considère comme ses représentants de fait. » Cette déclaration ambigue, qui a été interprétée comme présageant un revirement dans la politique canadienne, a soulevé une controverse considérable au Canada. Voir *Canada in World Affairs, 1953-1955*, Toronto: University of Toronto Press, 1959, pp. 114-116 et Canada, Chambre des Communes, *Débats*, 1953-54, volume III, pp. 2909, 3017.

In response to a reporter's question about Western policy on the recognition of the People's Republic of China, St. Laurent observed that "at the present time it is not the Nationalist Government in Formosa that represents that great mass of humanity . . . I think that we have to be realistic . . . if the people of China are to be represented, they will some day have to be represented by those that they consider the government that represents them in fact." This ambiguous statement, which was interpreted by some observers as foreshadowing a shift in Canadian policy, sparked considerable controversy in Canada. See *Canada in World Affairs, 1953-1955*, Toronto: University of Toronto Press, 1959, pp. 114-116 and Canada, House of Commons, *Debates*, 1953-54, Volume III, pp. 2748, 2848-2849.

he put on when you were here and a number of other colourful costumes were brought in for Mr. Nehru to dress in. He became, as he does on such occasions, very gay and boyish. Mr. St. Laurent added to the gaiety by helping Mr. Nehru don his costumes.

Mr. St. Laurent was, by this time, however, feeling disappointed that the projected heart to heart talks showed no sign of taking place. He had had of course interesting brief chats with Mr. Nehru on a host of questions, particularly the problem of nationalism in Asia and Africa. Mr. Chopra, the Chief of Protocol, tells me that Mrs. O'Donnell indicated Mr. St. Laurent's disappointment to him and that as a result Mr. Nehru cancelled two appointments for the next day and proposed to Mr. St. Laurent that instead of the brief tête-à-tête lunch scheduled for Wednesday, Mr. St. Laurent have an hour's private talk with him before lunch and an hour's private talk after and that Mr. St. Laurent's son and daughter come only for lunch. This was done and on this occasion Mr. St. Laurent felt that the talks were really worthwhile. An indication that Mr. Nehru felt the same way was that at dinner at my house that night he urged that we cut short the trip to Agra the next day so that he and Mr. St. Laurent could have another hour's talk before dinner. We of course did this.

In this country, perhaps a little more than in most countries, people with ability and power tend to become arrogant or vain. Mr. St. Laurent is humble and modest and simple. It is, I think, this contrast between Mr. St. Laurent and so many of the people who surround Mr. Nehru that particularly attracts Mr. Nehru to Mr. St. Laurent.

What essential quality it is in Mr. Nehru that so attracts Mr. St. Laurent to him I am not certain. I am fairly certain that one of the facets of Mr. Nehru's character which fascinates Mr. St. Laurent is the way in which Mr. Nehru feels himself as an agent or actor in the great drama of Indian history, the first acts of which were played thousands of years ago. Mr. St. Laurent is probably also as fascinated as other observers by the enigma of Mr. Nehru's mercurial temperament, the boyish enthusiasms, the restless energy, his genuine love and respect for the Indian peasant, his aristocratic temper, the touch of what Charles Ritchie calls the "higher Bloomsbury", and behind it all, a sad, lonely face.

Madeleine O'Donnell's views on Mr. Nehru are interesting. She told me that sometimes she loved him and sometimes she hated him. She hated him during her father's speech to the members of Parliament because he fell asleep during part of his speech. She said that she was sensitive about this since she knew her father was never at his best when he read a speech. I explained to her that Mr. Nehru often, if not indeed usually, looked half-asleep or entirely asleep when other people were giving speeches. I agreed it was rude but the charitable explanation was that he worked about eighteen hours a day and he therefore had to seize every minute he could during the day to relax in. He wasn't actually half-asleep. He was relaxed but alert. She also disliked the way he talked to his servants and to his daughter. Like every woman she believes Mr. Nehru is in dire need of feminine influence.

I hope that when I am seventy-two I shall have one-half of Mr. St. Laurent's ability to receive new impressions. In speaking separately the day before he left

India to his daughter, to Charles Ritchie and to myself, he used the same words: "I have received more impressions in the past week than in the whole of my previous life."

He has also said that he is looking forward to his reading about India from now on since his reading will mean so much more to him now that he has seen the country.

As you know better than I, the Prime Minister is usually much more effective when he speaks extempore than when he reads a prepared text. The two prepared speeches, the one to Parliament and the one at the University, he read extremely well, so well that some of the radio listeners thought that the first speech was extempore. The immediate audiences were not, however, much impressed except by Mr. St. Laurent's obvious sincerity, which, I am told, impressed even the Communist members of Parliament. The Indians are so accustomed to their orators speaking extempore, or at least pretending to speak extempore, that they find it strange to have a distinguished visitor reading a speech to them. The speeches by both Prime Ministers at the banquet were too long, and neither was at his best. Mr. St. Laurent had hoped that Mr. Nehru would give him some leads in his speech but they were not forthcoming.

The first really good speech the Prime Minister gave in Delhi was to a group of about seventy Canadians assembled in the patio at the residence. It touched the hearts of everyone and many had to bring out their handkerchiefs. The second good one was to a group of villagers at the end of our morning's tour of villages. Both speeches were given without almost any notice. I had a stenographer present each time to take them down and I used them as the basis for the statement issued at the airport in Madras just before the Prime Minister left India. Indeed this statement consists of little more than extracts from the two extempore speeches. Because of this I think something of the real man got through this statement to the Indian people. I enclose a copy.†

The high point of the visit was the press conference in Delhi. It was a tour de force.

The Prime Minister was good enough to agree to a ten-minute press conference in the lounge at the airport at Madras on his arrival there. This conference also went off extremely well. It was, however, not a question and answer press conference but consisted almost entirely of a statement which Mr. St. Laurent had been thinking over on the plane and about which he talked to Charles Ritchie and myself.

I congratulated Ross Martin at the end of the visit on the ability of all the members of the Prime Minister's party to get on so well with each other. I also said that I had been impressed that none of them, from the Prime Minister down, had ever shown during the visit to India any irritability, even when we were hit by the first real heat in Bombay and Madras.

It was certainly an extremely good group. Ruth [Reid] and I enjoyed meeting them. Charles Ritchie unfortunately had to spend one day in bed — the day of the

village tour and the press conference — but he was fascinated with most of what he saw in India. Ross Martin was as ever most helpful and self-effacing. I had some good talks with Dr. Davey about the health problems of the mission and he is reporting fully to Evan Gill on the subject.

Ruth and I were enchanted with Madeleine O'Donnell. She has everything that a Prime Minister's hostess on a trip around the world should have — intelligence, vitality, friendliness, dignity, tact and a sense of responsibility.

For us the visit was a memorable and in many ways a moving experience. Ruth and I are glad it was our good fortune to be in New Delhi when the Prime Minister came.

Yours sincerely,
ESCOTT [REID]

441. L.B.P./Vol. 12

Le secrétaire d'État aux Affaires extérieures au haut-commissaire en Inde

Secretary of State for External Affairs to High Commissioner in India

PERSONAL AND CONFIDENTIAL Ottawa, April 12, 1954

Dear Escott [Reid],

I have for some time been anxious to answer your personal and confidential letter of March 8, which provided an interesting footnote to the official reports we had received on the Prime Minister's visit.

As you say, the Indian part of it was outstandingly successful; indeed the whole visit was, and it is sad that a few press statements about recognition of Communist China should have been used here to obscure the really great service that the Prime Minister performed in visiting Asia. You have no doubt read the discussion in the House on this and related matters.[81] It was not a very happy one, but the outcome was reasonably satisfactory. There is no possibility of diplomatic recognition of the Peking régime pending the Geneva Conference, and if the Chinese at that conference behave in an unreasonable and intransigent fashion, the question will be further postponed. However, as you will have gathered, we are not committed to any firm decision in the matter and have, as a Government, far greater freedom of action concerning it than is unfortunately the case in Washington.

[81] Pour le compte rendu de la visite du premier ministre, voir Canada, Chambre des Commune, *Débats*, 1953-54, volume IV, pp. 3281-3289.
For the Prime Minister's report on his visit, see Canada, House of Commons, *Debates*, 1953-54, Volume IV, pp. 3099-3107.
Pour le débat qui a suivi, voir Canada, Chambre des Communes, *Débats*, 1953-54, volume IV, pp. 3527-3559.
For the debate which followed, see Canada, House of Commons, *Debates*, 1953-54, Volume IV, pp. 3332-3362.

I hope that Ruth and you are being able to relax a little from the crowded and busy weeks you have had. I hear nothing but praise from all sides at the way you both handled the visit, and we in the Department are grateful for what you did on this occasion, and, indeed, have been doing ever since you reached New Delhi.

Kindest personal regards.

Yours sincerely,
L.B. PEARSON

442. DEA/11563-5-6-40

Le sous-secrétaire d'État aux Affaires extérieures au haut-commissaire en Inde

Under-Secretary of State for External Affairs to High Commissioner in India

LETTER NO. K-262 Ottawa, April 12, 1954

CONFIDENTIAL

PRIME MINISTER'S VISIT

Mr. and Mrs. Saksena recently had Mr. and Mrs. C.S.A. Ritchie to tea. They talked about the Prime Minister's visit to India. As usual the Saksenas were very friendly but Mr. Saksena made a point of mentioning the Prime Minister's "accolade" to the Americans in his speech to the Indian Members of Parliament. He said that this tribute to the United States, coming at that particular moment in India had produced an unfortunate impression. In his opinion the timing was partly responsible for this. He said that the impression was left in the popular mind that the Prime Minister was in some fashion acting as an emissary for the United States in making these remarks.

2. Mr. Ritchie of course took exception to this interpretation and pointed out to Mr. Saksena that there had been no prior arrangement between the Prime Minister and the United States authorities regarding this passage in his speech. Mr. Ritchie said that the Prime Minister had not been asked to pay such a tribute and that he had spoken from sincere conviction because he had encountered a certain amount of anti-American feeling and felt that, in the interests of friendship, he should try to put before Indian legislators his own view based on long experience of the real character of the American people and of United States foreign policy. Mr. Ritchie hoped that some, at least, of the Prime Minister's hearers had been impressed by what he had said. Mr. Saksena replied that, while the Prime Minister's motives would be understood in official circles, he could only repeat that this passage in the Prime Minister's speech had had an unfortunate effect on public opinion.

3. Mr. Ritchie has remarked to us that, in dealing with Mr. Saksena, it is not always easy to guess whether or not he is acting on instructions, but that he had the impression that someone in New Delhi had suggested to Mr. Saksena that he should raise this question.

4. The manner in which Mr. Saksena raised the question suggests that, if there was such a suggestion from New Delhi, it was of an informal nature. It is also possible that Mr. Saksena raised the point on his own initiative. However this may be, it seems probable that he has exaggerated the extent to which the Prime Minister's remarks about the United States, in the context of his whole speech and of the whole impression which he left in India, have had "an unfortunate effect" on public opinion. You will recall the extreme manner in which Mr. Saksena put forward Indian views on United States military aid to Pakistan. Not long ago we had another example of his capacity for pessimism on this general subject when he told Mr. Ronning at a dinner party he had given in his honour, that relations between the United States and India have reached a pass where, if feelings between the two countries were to get worse, the breaking off of diplomatic relations might be a logical consequence.

5. Undoubtedly the Prime Minister would have had a smoother passage through India if the Indians had not been pre-occupied with the question of United States military aid to Pakistan at the very time for which his visit to India had been planned. The nicety of his position was certainly accentuated by the coincidence of the formal announcement of the aid taking place when he reached New Delhi. We did not expect, however, that either you or Mr. Ritchie would feel that this was sufficient reason for suggesting that the complimentary references to the United States be omitted from his speech. We have gathered, from reading the press clippings you have sent us, that, even before the Prime Minister arrived, there was some talk in New Delhi that he was the latest in a series of emissaries on behalf of the United States. We have also noted that suggestions of this general kind have not been absent from editorial comment on his visit. Such comment, however, seems to have been more than balanced by comment of an appreciative and distinctly friendly character.

6. We did not expect the Prime Minister's visit to generate goodwill by the simple expedient of playing on nothing but what we have in common with India. We anticipated that honest and balanced expressions of the Canadian point of view in general terms combined with clear indications of sympathy with and respect for Indian views, would increase mutual understanding and goodwill between our two countries. We are confident, after reading what you have written about the visit, that the Prime Minister, with his great capacity for inspiring confidence and affection, did accomplish this. Unless we hear from you to the contrary, we do not propose to revise this estimate of the effect of the visit in the light of Mr. Saksena's remarks.

[R.A. MACKAY]
Acting Under-Secretary of State
for External Affairs

CHAPITRE V/CHAPTER V

RELATIONS AVEC LES ÉTATS-UNIS
RELATIONS WITH THE UNITED STATES

PREMIÈRE PARTIE/PART 1

QUESTIONS DE DÉFENSE ET SÉCURITÉ
DEFENCE AND SECURITY ISSUES

SECTION A

POLITIQUE DE DÉFENSE DES ÉTATS-UNIS : UN «NOUVEAU REGARD»
UNITED STATES DEFENCE POLICY: A "NEW LOOK"

443. DEA/50115-P-40

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

Ambassador in United States
to Secretary of State for External Affairs

DESPATCH 142 Washington, January 22, 1954

SECRET

UNITED STATES DEFENCE POLICY

It is safe to assume that whatever Administration took office last January in the United States would have found international and domestic conditions sufficiently changed to warrant a re-examination of the basic premises on which U.S. defence policy had been built since June of 1950. The fact that the re-examination was made by the representatives of a party long unaccustomed to the responsibilities of control of the United States Government, bound by campaign promises to reduce Government expenditure and made up in large part of "hard-money" men, probably made the re-examination more searching and gave greater priority to economic factors that would have been the case had Democratic tenure of office continued. The Republican party which must bear the political consequence of any modifications in the United States defence establishment, is fortunate in having a highly respected soldier in the White House. The voter is less likely to be disturbed at the prospect of changes in the defence establishment carried out under the leadership of President Eisenhower with his long and distinguished military background than might otherwise be the case.

2. The many aspects of United States defence policy which are of interest to the free world make it essential to limit the objective of any single report. I have thought it wise, therefore, to direct our main efforts in this despatch to an attempt to

answer one question. Does the "new look" at defence, taken by the Eisenhower Administration and the recently appointed Chiefs of Staff, involve any radical change in United States defence policy and United States grand strategy?

3. We offer the immediate opinion that no radical change in United States defence policy (insofar as United States policy means United States commitments within the structure of collective security) is under consideration, but that there have been and will continue to be over the next few years gradual changes in United States strategy (in the sense of the dictionary definition "the science and art of employing the armed strength of a belligerent . . . to meet the enemy in combat under advantageous conditions"). The case in support of these opinions follows and, while we believe it is a good case, we recognize that it is not incontestable.

4. The circumstances and opinions which are shaping the defence policy of the Eisenhower Administration are numerous, and implicit in the choosing of any number of "governing factors" is the danger of over-simplification of a highly complex subject. Nevertheless I think four such factors among many which can be adduced are of first-rate importance:

(a) the attitude taken by the Administration, not unrelated to the Republican campaign promises for reductions in Government expenditures, that the United States economy cannot maintain in peacetime the levels of defence built up after the outbreak of the Korean war,

(b) the appreciation of the Administration that there has been some slight reduction in world tensions and that the threat of Soviet aggression is not as immediate as it was considered to be for planning purposes during the Truman Administration,

(c) the reports presented to the Chiefs of Staff on the capabilities and availability of nuclear weapons taken together with the decision on the part of the Administration to seek Congressional approval to share with friendly allies certain knowledge concerning the tactical use of nuclear weapons,

(d) the decision taken by the Administration with the concurrence of its highest military advisers to rely on the "deterrent of massive retaliatory power" to a greater degree than on "local defences", i.e. the meeting of aggression on the ground where it occurs.

These factors are all interrelated and it would seem unwise and unnecessary to assign priority to any one of them. They do, however, provide a convenient framework on which to base our general comment.

Defence and the United States Economy

5. The balanced budget became a Republican party slogan in the election campaign. It was good politics and was adopted, we think, for that reason rather than because it was good economics. It was argued that Government expenditures under a Republican Administration would be cut and when, as a result of these cuts, an approximate balance of the budget was achieved it would be possible to reduce taxes. When the Administration took office its campaign promise made sense economically as a means by which inflationary pressures in the nation's economy could be lessened. (With the down-turn of business this argument is less cogent at

the moment.) The prospect of tax reduction was attractive to the voter at the time the Administration took office and remains so. Reduction of defence expenditures, the single largest set of expenditures of the United States Government, was the obvious goal. These economic considerations were in the minds of Administration appointees who took over responsibility for United States defence planning. It is reasonable to assume that their view of the world situation as it affected the United States defence programme was to some extent a rationalization of their desire for economy in Government. The same is probably true of their thinking as to what defence load the United States economy could bear. In any event the President and his Cabinet colleagues most concerned with United States defence policy and its cost have from the first days of their tenure of office stressed two ideas. One is that the national defence effort can only be as strong as the nation's economy and the other that the defences of the United States must be geared to the "long pull" rather than to any particular year of crisis.

6. It is tempting to take issue with the statements of responsible Administration officials that the current load of United States defence spending may lead to "practical bankruptcy", for it seems to us that the United States economy could stand much higher defence expenditures than those of the past three years if the world situation demanded them. It must be recognized, however, that whatever the economic facts may be the Administration has chosen its ground and for the purposes of this despatch that is the important fact. It must be admitted, in addition, that no matter what view one takes on the capabilities of the United States economy in time of crisis, there is some justification for the argument that the health of the economy will be affected adversely by excessive defence expenditures over a long period of watchful waiting when no foreseeable crisis is imminent.

7. It is a fact that the armed forces of the United States are to receive reduced appropriations and are to sustain a reduction in personnel. The Army is committed to a reduction by June 1954 of 10 percent from its March 1953 strength of approximately 1.5 million personnel. The Army has been asked to "see what it can do" to achieve a further 10 percent reduction by June 1955 to a personnel complement of approximately 1.2 million. It has also been suggested that the manpower of the Navy and the Marine Corps should be further reduced by June 1955 by approximately 100,000 personnel to levels of 670,000 personnel for the Navy and 207,000 for the Marine Corps. The Air Force on the other hand is to be increased in personnel strength to approximately 970,000 personnel during fiscal year 1955 from a strength currently below the authorized level of 942,000 personnel. The Administration will request of Congress $31 billion of new obligational authority for the military functions of the Defence Department in fiscal 1955 as compared to obligational authority for the current fiscal year of $34.4 billion. The Administration estimates defence spending in fiscal 1955 at $37.6 billion as compared with estimated expenditures in the current fiscal year of $41.5 billion. The Secretary of Defence maintains, and we think with some degree of reason, that these reductions will not cut into the total effective combat strength of the United States armed forces. My own military advisers are of the preliminary opinion that the effects of these reductions, if they are carried out as presently planned, will mean no reduction in the combat effectiveness of the Navy, some possible reduction in the Army's active

force (in the neighbourhood of two divisions) and an actual increase in the hitting power of the Air Force. (A brief note on the military implications of the budgetary decisions of the Administration prepared by my service attachés is enclosed.†)

8. Together with these reductions we must consider Mr. Wilson's repeated promise to bring more effective and more economic organization to the Defence Department. He argues, it seems to us soundly, that the inefficiencies of what was a crash defence programme after June 1950, can be removed in a period in which no immediate emergency is being met without damage to United States defence muscle. There have already been cut-backs in procurement contracts and according to Mr. Wilson there has already been applied to continuing contracts more rational and economic planning which will result in the saving of considerable sums of money. A good deal of attention has also been devoted to the need for strengthening the mobilization base. President Eisenhower, in his State of the Union message listed the attainment of a realistic mobilization base with all it involves in stockpiling requirements, industrial capabilities, manpower resources, etc., as one of the most important considerations affecting United States defence planning.[1] The Secretary of Defence has on a number of occasions stressed the importance of maintaining a mobilization base which will be adequate within the economic capabilities of the nation to stand the initial shock of crisis, which will be capable of rapid expansion in the event of the outbreak of a major war and which the nation is capable of sustaining over an indefinite period.

9. I do not believe that the numerous actions taken by the new Administration to reduce defence expenditures represent an attempt by the Administration to get bargain basement defence but rather a decision to ensure the careful shoppers attitude that the most effective use must be made of every defence dollar. The press describes the Administration's objective in the colourful if inelegant phrase, "a bigger bang for a buck". Cost alone is not to my mind the only factor which will guide United States defence planners but on the other hand they will not, under the new Administration, be able to consider a new defence project with the attitude of mind that cost is no object.

Reduction in World Tension

10. It seems to us that the current re-appraisal of United States defence policy has been affected by broad political considerations with almost the same force as it has been by economic considerations. There is evidence that the United States Government does not consider the threat of Soviet aggression to be as immediate as it was taken to be for planning purposes over the last three years. In addition the past year has brought an end to the fighting in Korea and we think it reasonable to assume that United States planners do not believe, barring some unforeseen circumstance, that the war there will be renewed. The presentation of United States views at the last NATO Ministerial meetings on the long-pull concept rather than the year-of-crisis concept of NATO defence planning seems to support our estimate of United States thinking in this respect. There has already been some comment in the United

[illegible]

[1] Voir/See United States, *Public Papers of the Presidents of the United States: Dwight D. Eisenhower 1954*, Washington: Government Printing Office, 1960, Document 3, pp. 6-23.

States press that the United States Government is in the process of working out a satisfactory policy to deal with a period of "cold peace". The argument goes something like this: just as the cold war involved warlike moves in various parts of the world without the actual outbreak of a major war, so the cold peace may involve peaceful gestures in various parts of the world without complete removal of the tensions which exist between the free and the Communist worlds. If there is any substance to this argument it stands to reason that modified defence machinery is required. It must be efficient, it must be modern and it must be economic.

11. A further factor in this same context is the recognition that the Soviet Union now has an atomic arsenal. At first glance this might seem to be in direct contrast to what has been said above about United States thinking on the threat of Soviet aggression. However we think that this is not necessarily so. Soviet possession of atomic weapons is simply a new fact which must enter into United States military planning. It does not in itself seem to us to make more imminent or less imminent the possibility of Soviet aggression. It would add to Soviet strength if committed against the West but will not necessarily unleash that strength. However it does impose new conditions on United States planning for the use of its defensive strength which lead to much the same conclusions as those noted above, namely the development of the most efficient and effective defence mechanisms.

Development of New Weapons

12. While the certain knowledge that the Soviet Union possesses the secrets of thermonuclear weapons has shattered many of the theories basic to United States military planning in recent years, the important supposition remains that the United States is well ahead of its potential enemy in its knowledge of and capability to use a variety of atomic weapons of more manageable order than the bomb. In the last analysis, of course, the bombs, atomic and hydrogen, are the backbone of the deterrent power of the United States of which more is to be said below. However, weapons such as the atomic cannon, which, according to President Eisenhower and his senior defence aides, "have assumed almost conventional status", may prove to be an element of United States military strength of almost equal significance to the bombs.

13. We have good reason to believe that it was reports on the capabilities and availability of these new weapons which came to the United States Joint Chiefs of Staff at about the same time as they received instructions to carry out reductions in the service establishments, which enabled them to accept those reductions without serious objection and without pointing out any need to reduce United States commitments throughout the world. They were aware, in addition, that the President himself would be urging Congress to alter restrictive legislation in force in order that some knowledge concerning the tactical use of nuclear weapons could be shared with the United States' allies. It is only logical to assume that a gradual change in basic strategy will result. An opportunity, it seems, has been offered the United States to maintain or even increase its effective fighting strength with more advanced weapons and comparatively fewer personnel. Since manpower is one of the costliest elements in United States defence overhead, significant savings may

be possible without any reduction in effective military strength. These two objectives have been given equal prominence by the Administration.

14. It must be remembered, in addition, that these decisions are being taken just as the only shooting war involving United States personnel has ended even though the punctuation mark of peace has not yet been inscribed. It may be a time of peril but it is not a time of emergency in any sense comparable to the crisis period 1950 and 1951. All responsible United States defence officials have made it clear that every available resource of the nation in manpower and commodity will be mobilized to meet the demands of total war if that eventuality occurs. In the present circumstances, however, new weapons in the hands of slightly reduced forces would seem to satisfy those responsible for the nation's security.

15. The inevitable logic of this set of circumstances, it seems to us, will demand decisions sooner or later as to how liberally atomic weapons of "almost conventional status" are to be used. Has a decision been taken to use such weapons in local wars of aggression on the Korean model? We do not believe that such a decision has been taken. On the other hand we tend to the view that no restriction now remains on consideration by the military planners of the possible use of atomic weapons in any critical situation involving the commitment of United States military strength. It is a fact that potential aggressors have been warned of new United States capabilities and should be in no doubt of the peril to themselves in any undue provocation of the United States. Moral considerations (e.g. the public conscience) completely divorced from military necessities will, we think, have an important bearing on any decisions leading to the use of these weapons. For the moment we cannot carry this argument further. Speculation on such a significant development in United States military thinking may be tempting but it cannot be informed without access to the innermost views of the President himself.

United States Retaliatory Power

16. Consideration of the effect of new weapons on United States strategy leads us to the last of the four general factors set out in paragraph 4 above, United States reliance on the deterrent of retaliatory power. This in itself is not new. In the period of United States monopoly of the atomic bomb it represented the only significant strength in the free world counterbalancing the preponderant strength of Soviet land armies. The breaking of that monopoly does not automatically dispose of the United States capability to retaliate against any Soviet attack with devastating power. It does, however, bring the need to add to United States capabilities in this field with a view to off-setting insofar as that is possible the atomic accretions to Soviet power. It is significant, we think, that in spite of the general effort to pare down the size of the United States defence establishment there is to be an actual increase in United States air power. Much of the increase will be in the power of the strategic air arm. At the same time, in the words of President Eisenhower to Congress on January 7, "Military and non-military measures for continental defence must be and are being strengthened". Because of active Canadian participation in joint efforts with the United States to strengthen the defences of the continent, we have detailed knowledge of United States thinking on this score and particularly of the concern felt by responsible United States officials that the

greatest strength actual and deterrent, available to the free world may itself be exposed to sneak attack.

17. While it would seem that increasing reliance is to be placed by the United States on nuclear weapons, we cannot ignore the recent emphasis placed by the President and his senior Cabinet members on the need for a mobile strategic reserve of armed strength. In his State of the Union message the President, in dealing with important considerations in U.S. defence planning, said, "Our armed forces must regain maximum mobility of action. Our strategic reserves must be centrally placed and readily deployable to meet sudden aggression against ourselves and our allies". When questioned on the subject at a press conference on January 8, Mr. Wilson replied, "We are thinking more of the United States as the proper location for our strategic reserve". The evident weaknesses in the state of readiness and organization of United States reserve forces has been noted with concern by almost every prominent defence official. Attempts to correct these weaknesses we think should be regarded as actions taken out of normal military prudence and not as indications of a United States intention to withdraw to fortress America. With the majority of its combat forces tied down in Korea and with all that commitment meant in re-enforcement, supply and expenditures, United States strength lost almost any element of flexibility. The enemy knew where United States fighting strength was and what difficulties United States defence chiefs would face in moving it. The object of the Administration now is to change that situation as soon as possible and to create a strategic reserve under the immediate control of national commanders thereby allowing them some lee-way in the choice of methods with which they can meet any new security threats which may arise. Mr. Dulles has described this objective recently as "A selection of military means . . . ready to meet the enemy's many choices" and a break with "the traditional policy of meeting aggression by direct and local opposition". The decision to withdraw two divisions from Korea, we believe, stems from this broader objective and we have Mr. Wilson's words to back us up in this belief. (On the other hand we have no indication that there is to be any similar withdrawal of effective combat forces from the NATO theatre.) We have it on good authority that the United States defence Chiefs do not regard the withdrawal of troops from Korea as in any way reducing the authority of the United Nations forces there since increasing numbers of ROK divisions are to be left with the backing of United States support in the form of naval and air strength. The actions taken in Korea as opposed to what we know of likely United States intentions in Europe give some evidence, we believe, that the United States does not intend to fight a major war in the Far East.

Conclusions

18. We have already stated that the considerations outlined in this despatch lead us to the view that there has been no important change in United States defence policy but that there probably will be gradual changes in United States strategy. We must be somewhat more reserved in our predictions of what these changes will be but it is possible to cite briefly some of the more obvious shifts of emphasis which will affect the planning of United States strategy in the foreseeable future. These seem to us to be the following:

(a) A general tightening up on United States defence expenditures which will mainly affect personnel strengths and administrative overhead.

(b) A greater reliance on new weapons including nuclear weapons shared with friendly allies to compensate for reductions in United States manpower and to offset additions to the Soviet arsenal.

(c) Further strengthening of United States air power and especially of its ability to deliver the atomic goods.

(d) Increased attention to continental defence in co-operation with Canada to protect the main base of the striking power of the free world.

(e) The build-up in the United States of a strategic reserve of trained soldiery and weapons which will be committed to action where the service Chiefs think they will do the most good, not necessarily at the point of actual aggression.

(f) A highly cautious approach to involvement in any further incidents of the Korea type which would result in the commitment to battle of United States ground troops.

19. These changes or shifts of emphasis do not, in our opinion, we repeat, involve any significant change in United States defence commitments. In fact there is some evidence that the United States is willing to assume additional commitments in the Middle East and in South East Asia. All the evidence points to continued support of the NATO collective security effort and it does not appear that combat personnel presently assigned to that area will be reduced. On the other hand United States land forces are unlikely again to be committed in Asia and there may in fact be withdrawals from Asia in addition to those already planned. United States commitments in the Far East, however, will be honoured, according to President Eisenhower, with the help of "highly mobile naval, air and amphibious units with even greater effect than heretofore". Finally United States defence plans assume the early addition to the forces of the free world of German military strength within some federated European Army and if the European Defense Community founders on French opposition we believe that the United States will press for some alternative which will permit formation of German units.

20. The views contained in this despatch have taken shape gradually as a result of discussions within the Embassy and the Joint Staff and with United States officials. They are not related directly either to the President's recent State of the Union message to Congress or to Mr. Dulles' address before the Council on Foreign Relations in New York City on January 12.[2] However, we believe our analysis is consistent with the views outlined in these two statements, both of which we regard as being especially significant in their indication of the direction which we may assume United States defence planning is to take. We hope to have an opportunity in the near future to have further and more detailed discussion on defence policy with senior United States officials and we shall make every effort to keep you

[2] Voir/See John Foster Dulles, "The Evolution of Foreign Policy," United States Department of State, *Bulletin*, Vol. 30, No. 761, January 25, 1954, pp. 107-110. Voir aussi/See also United States Department of State, *Foreign Relations of the United States* (*FRUS*), *1952-1954*, Volume 2, Washington, Government Printing Office, 1984, p. 609.

informed of any developments which in our opinion will have significant effect on the framing and implementation of United States defence policy.

A.D.P. HEENEY

444. B.C./Vol. 126

Note du secrétaire d'État aux Affaires extérieures pour le ministre de la Défense nationale

Memorandum from Secretary of State for External Affairs to Minister of National Defence

TOP SECRET Ottawa, February 2, 1954

A very interesting despatch, No. 142 of January 22 from our Embassy in Washington, on United States defence policy, has been forwarded to you as it was thought you might be interested in reading it.

I have done a memorandum on the same subject, which comes to rather less optimistic conclusions, on the implications of the new United States strategy. I am attaching it herewith.

L.B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

Note du secrétaire d'État aux Affaires extérieures pour le premier ministre

Memorandum from Secretary of State for External Affairs to Prime Minister

TOP SECRET Ottawa, February 2, 1954

UNITED STATES DEFENCE POLICY

There is little doubt that far-reaching decisions have been made in Washington in respect of defence policy and strategy. Mr. Dulles' speech on January 12 in New York greatly strengthens this view. It is too soon to come to any conclusion as to the exact nature of these decisions, but it is safe to say that their consequences will be of the greatest importance, not only for the United States but for other countries as well, including Canada.

The implementation of any decisions taken will, of course, be gradual and every effort will be made to act in a way to cause the least possible anxiety among friends and allies. As Mr. Dulles put it in New York:

"It was imperative that change should be accompanied by understanding of our true purposes, sudden and spectacular change had to be avoided. Otherwise there might have been a panic among our friends and miscalculated aggression by our enemies."

There are a good many straws which show the way the defence wind is now blowing in Washington.

One is the fact — clearly demonstrated at the last NATO Council meeting — that NATO countries are no longer subject to American pressure to increase defence expenditures. Indeed, Mr. Dulles now talks about "readjustments in the NATO collective security effort", and he probably means readjustment downwards, at least in terms of cost for both the United States and its NATO allies.

NATO defence forces in Europe are now to be stabilized at about fifty Divisions, plus whatever Germany can produce. There is no longer any Pentagon talk, at least in public, about ninety or ninety-five or one hundred Divisions as being essential to the defence of peace in Europe. On the other hand, there is much talk of the "new look" and the "long haul", and economic stability as the foundation for defence effort. All these concepts, the validity of which is unquestioned, are now put forward by Mr. Dulles, specifically at Paris in December and in his New York speech, as a new American discovery and a new NATO policy. The fact is, of course, that they had previously been advocated at NATO meetings by British and other delegates, and opposed by the Americans.

The United States delegates in those earlier days strongly deprecated talk of more defence for less cost by relying on quality and "new weapons". But all this has now changed. No attempt is now apparently to be made to build up NATO forces in Europe to a point which the American military, at least, considered necessary a year or so ago if Western Europe was to be successfully defended against aggression.

It is true that the Lisbon force goals were recognized generally as being unrealistically high long before the December NATO meeting. Mr. Dulles now confirms the validity of this position. It involves a calculated risk but one perhaps not much greater than was always involved in NATO planning.

This is said, not in criticism of the NATO defence concept of the "long haul", but merely to support the view that there is now a new approach in Washington to the problems of United States defence policy. Our Embassy in Washington has given its view that no radical change in defence policy (in so far as it means United States commitments within the structure of collective security) is under consideration. I hope they are right, but I feel myself that this conclusion may be too optimistic. Even, however, if there is no fundamental change, the new approach and the new principles of strategy have important implications for not only the United States itself, but for its friends.

These shifts in United States defence policy may be due to a genuine belief in the efficacy of new methods and weapons and of defence by retaliation; also, in part, to a feeling that the crisis has eased. But they may also be due to a new American policy of "disengagement", inspired by budgetary as well as by strategic considerations. This, at least, is a possibility that cannot be dismissed.

The present position of the European Defence Community may have a bearing on this new American approach. Indeed, it may be that frustration and disappointment over the delay in bringing the E.D.C. into effect is one reason for the shift in policy that is taking place. Alternatively, focusing attention on this delay may be a rationalization of, or even an excuse for, this shift. The Americans may now argue that as Europe will not unite to defend itself, they are relieved of certain responsi-

bilities for that defence which can, in any event, now be left predominantly to the Germans! This being the case, United States strategy should now become peripheral, holding a sea and air line running roughly from Norway to the United Kingdom through Spain and the Mediterranean to Greece and Turkey — and Pakistan? From this line, in case of war, victory by atomic retaliation can be achieved.

More and more stress is being placed on this new doctrine of the prevention of war or, if it comes, the achievement of victory, by developing, to use the words of Mr. Dulles, "massive retaliatory power". As the Secretary of State put it in New York,

> "The basic decision was to depend primarily upon a great capacity to retaliate, instantly, by means and at places of our choosing."

This new concept of defence by the threat of swift and effective retaliation is meant to give United States military strength more flexibility. But it also makes flexibility in diplomacy even more necessary. In a sense, it will keep the potential aggressor guessing. But it may also keep the allies of the United States guessing.

Furthermore, it is important to know what Mr. Dulles means by "our" in this context; especially when the "means" would appear to be largely atomic. Certainly this new strategy makes full consultation — being asked rather than being told — more important than ever. The Korean situation in 1950 illustrates this. If the United States had chosen at that time not to work through the United Nations — after they had made up their own minds — but to retaliate instantly by overwhelming air action; or if later they had made the same decision to retaliate against Peking, would they have had time to consult us? Or would we have been involved automatically in action which, at least in the case of Peking, might have led to general war.

It is clear that the new strategy is going to make diplomacy, both in its inter-allied aspect and in relations with the communists, more important than before.

It is also clear that the weapon of overwhelming retaliation, or the threat of it, is one which can only be exercised when the issue is clear-cut and decisive. There will, however, be many blurred and unclear situations constituting aggressive action when it could not be used. Indeed, it can be argued, as a practical proposition, that local aggressions cannot be answered by atomic bombs on Moscow. If so, the threat of massive retaliation "by means and at places of our choosing" may become a somewhat hollow one. The new strategy may result, therefore, in greater rigidity, rather than greater flexibility of policy. If it becomes a question of the atom bomb and all-out war, or nothing, it may be, too often, nothing.

How is this policy of "massive retaliation" to be carried into action? By building up a strategic reserve, featuring atomic weapons and "highly mobile air and amphibious units"?

It is true that there is a large stockpile of atomic bombs and that other atomic weapons are increasing in volume and effectiveness. Indeed this must have made easier the decision to adopt the new strategy. On the other hand, there is to be a reduction of $4 billions in defence expenditure, and 10% in manpower. It is stated that this can be brought about without any weakening of defence strength, or withdrawing from any commitments undertaken in Europe. That remains to be seen.

The announced withdrawal of two Divisions from Korea will also, presumably, assist in forming the strategic reserve.

Furthermore this strategy, of course, may permit a "thinning out" of American forces in Europe; (this has begun but has not yet affected combat strength); and "bringing the boys home", which will be popular in the United States.

Naturally, every effort will be made by the United States to remove fears that commitments for collective defence are going to be weakened, or that there will be extensive or immediate withdrawals from European soil. Indeed, adherence to NATO policies will be re-affirmed. President Eisenhower did, in fact, give such a re-affirmation in his State of the Union speech. There is no reason to believe that this was not genuine, nor is there any evidence that the United States Administration has lost interest in and is withdrawing its support from NATO.

But the implications of the new doctrine do, I believe, make this result possible; and may easily bring about "operation disengagement".

If these changes in American strategy are to be made without abandoning or even weakening the North Atlantic collective arrangements, this will require skill and care in Washington. It will also require an appreciation by Congress of the collective issues involved and the feelings and fears of allies.

If this appreciation is now shown, the new policy may be carried out in such a way that the whole NATO system will be weakened and even disappear. It may be taken for granted that the communists, for whom NATO remains the chief enemy, will interpret and exploit new American defence and strategic developments so as to facilitate this disappearance. They will undoubtedly try to show that the Americans are abandoning NATO and leaving the Europeans to their fate, while themselves taking refuge in atom bombs and continental defence.

Mr. Dulles himself has given some ammunition for this attack when he admitted in New York that one consequence of the new strategy would be less emphasis on "local defensive power". While he added that such local defensive power would always be important, he felt that it alone would never be enough to contain the mighty land army of the communist world.

This is certainly true and has always been accepted by NATO political and military planners. But bringing it out into the open, in the context of the new American strategy, is going to create uneasiness among Europeans and increase fears that the United States may consider that Europe, if not expendable, will have to be defended by its own forces, assisted by overseas weapons, rather than by overseas men. Europeans, in short, will fight in the old-fashioned, bloody, man-to-man way, while victory will come from the skies by atomic retaliation. If such victory comes only after occupation and destruction and liberation, it will have little appeal for Europeans. To this the Americans may well reply that European countries are now strong enough themselves, with some British and American help — but not too much — to hold the Russians off; especially if they will only unite!

Commenting on these European fears, aroused by the new United States strategy, Mr. Wilgress writes from Paris:

"The French and a number of European countries will not accept an arrangement whereby they will be expected to contribute largely manpower while the United States will concentrate on a small highly mobile reserve supplemented by intricate scientific weapons of mass destruction. They will wish to be supplied themselves with these weapons, they will also try to effect such economies as may be compatible with the agreed requirements of effective defence and they will press to have a voice in the shaping of the strategy which will determine the use of such weapons."

While it is too soon to be dogmatic about what the final effect will be of decisions taken in Washington, we shall have to watch their development carefully, especially as they concern our own commitments abroad, and our own defence policies.

Canadian defence policy has been firmly, and rightly, founded on NATO, and we should do everything we can to keep this foundation strong. On the other hand, it is not going to be easy, politically, to maintain at full and unimpaired strength our forces overseas, if our neighbours begin to reduce their commitments through "new decisions" and new strategic concepts.

It may be that the American Administration will not be the only ones who will, before long, have to make an "agonizing reappraisal" of foreign policy.[3]

444(A). DEA/4901-40

Note d'une conversation avec M. John Foster Dulles, secrétaire d'État des États-Unis, mardi, le 16 mars 1954, à Washington, D.C.[4]

Memorandum of a Conversation with Mr. John Foster Dulles, Secretary of State of United States, Tuesday, March 16, 1954, Washington D.C.[4]

SECRET Washington, March 18, 1954

I dined alone with Mr. Dulles at his home on Tuesday evening, and had a very friendly and useful discussion with him afterwards for a couple of hours. He was in a very relaxed and confidential mood, and spoke very frankly. He showed no signs of weariness or staleness.

[3] Au début de mars, le Canada a exprimé des réserves en privé aux autorités américaines au sujet du "Nouveau Regard". Voir le document 491. Quelques semaines plus tard, M. Pearson a posé des questions en public sur la nouvelle stratégie de Washington. Voir "A Look at the 'New Look'," Text of an Address by Lester B. Pearson, the Secretary of State for External Affairs, to the National Press Club, Washington, D.C., March 15, 1954, *Statements and Speeches*, No. 54/16.
Canadian reservations about the "New Look" were expressed privately to American officials in early March. See Document 491. A few weeks later, Pearson raised some questions about Washington's new strategy in public. See "A Look at the 'New Look'," Text of an Address by Lester B. Pearson, the Secretary of State for External Affairs, to the National Press Club, Washington, D.C., March 15, 1954, *Statements and Speeches*, No. 54/16.

[4] Une exemplaire de cette note a été donnée à M. St. Laurent./A copy of this memorandum was given to St. Laurent.

United States Defence Policy

The subject of my Press Club speech came up at once, and he told me that he had read it very carefully and had no quarrel with it. In fact, he felt it was a "helpful effort" to clarify some vitally important issues. He made, however, one reservation. He thought that in the sentence from his January 12 speech which I quoted, I should have singled out also the word "capacity" as the most important of all. He was talking not about retaliation as such, but the "capacity" to retaliate, and he felt that this made a difference. He agreed, however, that "capacity" included not merely military or atomic capacity, but diplomatic and political capacity; that meant consultation and agreement with allies, especially those whose territory and co-operation would be essential for maximum retaliatory effort. In this sense, he agreed that consultation is now more important than ever before.

He also pointed out that the spreading of this "capacity" among various members of the coalition should reassure both the friends of the United States and the potential aggressor, that the "capacity" would never be used for aggressive purposes. Both President Eisenhower and he had already pointed this out at the United Nations. I mentioned that the Prime Minister and I had also emphasized this aspect of coalition policy; namely, that the allies of the United States could certainly act as an effective check on rashness or unwise actions.

Mr. Dulles then went on to point out that his "new doctrine" did *not* mean instant and overwhelming retaliation in every instance, either by atomic or conventional weapons. It merely meant keeping the enemy guessing as to when, where and how you would strike back once you had convinced him of your ability to do so with overwhelming force. It also embodied a determination not to retaliate by a method of the enemy's choosing, namely, by sending land armies against the overwhelming masses of Asia, where manpower losses meant little.

Mr. Dulles cited Korea as an example. He recalled that at the time of the aggression he thought that United States intervention by land forces was wrong, and he recalled also that General MacArthur had told him at that time that anyone who thought that American troops should be sent to the continent of Asia "should have his head examined." He had since changed his mind on the value and, indeed, the necessity of land intervention in Korea, but thought that we should not forget the lessons of that type of intervention. For this reason, he felt that if the aggression in Korea were renewed, other forms of retaliation, by sea and air, should be used. This did *not* mean dropping atom bombs on large cities of China; something which would be wrong, morally, politically and strategically, but it did mean air attack, if necessary with atomic weapons, along the Yalu and against Manchurian industries. Similarly, if Chinese troops moved into Indo-China, the best form of retaliation would probably be such things as mining rivers, destroying factories, and sea blockade. What we should be careful to do is to make sure that the Russians know we are determined to react quickly and effectively along the above lines. He did not agree that this would mean converting small wars into world wars.

In Europe he admitted that the situation — strategic and political — was different; the temptation to aggression was greater as the prize was clearer and more important. Therefore, land forces and local defence with Atlantic participation were

more important as a deterrent. For this reason, the United States had no intention of weakening its NATO commitments. Furthermore, retaliation against an aggression in this area would probably mean immediate attack by air on Moscow, etc. Of course, if the aggression were a surprise attack on North American territory itself, then there was no political or military problem in so far as this kind of instant retaliation was concerned.

Mr. Dulles agreed that the language of his January 12 speech had been somewhat vague, but as this had precipitated a discussion, he argued that it was not a bad thing. He mentioned that the President, the Secretary of the Treasury and the Defence Council as well as the State Department had participated in its drafting. When he realized that his speech was causing so much attention, some uneasiness and varying interpretations, he wrote a supplementary statement in the form of an article for *Foreign Affairs*, which came out Tuesday, and a copy of which he gave me.[5]

He ended by assuring me again that they would wish to consult as much as possible with their friends, and they had no intention of weakening on NATO. He added, however, that if EDC failed, he would be gloomy about the future of NATO.

He also mentioned that he had been having difficulties with the army over the "new strategy", as exemplified by General Ridgway's statement of Tuesday to Congress.[6] The army still were very suspicious that the "new strategy" would weaken them to a point where they would not be able to do what they considered to be still the essential defence job.

In addition to our discussion of the "new strategy", Mr. Dulles brought up other subjects, some of them in response to questions from me.[7]

Berlin Conference

At the Berlin Conference he was impressed by the more conciliatory Russian tone, but also by the fact that this did not mean any change of policy.[8]

He had had one long private conversation with Molotov at dinner, when they talked very frankly together. He had tried to convince the Soviet Foreign Minister that if the Eastern European border states were only given the right to choose their own form of government, the United States not only hopes, but prefers that their resulting relationship to the U.S.S.R. would be that of Finland rather than pre-war Poland. He feared, however, that it was too late now for this because of the fierce hatred of Soviet Russia among the peoples in question, and the deep fear in the Kremlin that any freedom would mean excessive hostility and, therefore, could not be countenanced. Molotov, in fact, had told Dulles that Germany could only be kept disarmed and harmless by rigid control of those in charge of her government. He said that the U.S.S.R. could do this without difficulty by their form of election,

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[5] Voir/See John Foster Dulles, "Policy for Security and Peace," *Foreign Affairs*, Volume 32, No. 3, April 1954, pp. 353-364.

[6] Voir/See *The United States in World Affairs, 1954*, New York, Council on Foreign Relations - Harper Brothers, 1956, p. 58.

[7] Voir, Canada, Chambre des Communes, *Débats*, 1953-1954, Volume IV, pp. 3523-3527.

[8] See Canada, House of Commons, *Debates*, 1953-1954, Volume IV, pp. 3328-3331.

[9] Voir/See Document 491.

etc., and, therefore, there was no danger to them from Germany. The Western approach to the problem, however, would, in Molotov's view, be fatal to security, for Germany would recover and become aggressive again.

Geneva Conference

Dulles said that the United States had agreed to the Geneva Conference on Indo-China reluctantly, on French insistence.[9] It was certainly the lesser of two evils, because if they had refused Bidault his conference, the French Government would have collapsed, while it is just possible that if it is held, it *may* do some good work and could, he hoped, be prevented from doing harm.

They had given a good deal of thought to the organization of the Conference, and felt that the Chinese attitude would be the key to what would happen. He was sure that the Chinese were angry with the Russians because they had not brought about a Five Power conference, and that they would insist on some recognition at Geneva of their association with the Big Four, and their differentiation from other members.

Mr. Dulles was very interesting on his views of Russian-Chinese relations — views which were far removed from those which he finds it possible to express in public. He felt that the division between the two countries and their governments was increasing, and that this was natural and, indeed, inevitable. I asked him that if this is true, and I thought it was, how we could best exploit this. He admitted that such exploitation should be our policy, but it was not as easy for him to carry it out as it might be for some others! He quoted, and on seeing my expression of incredulity, repeated that it was entirely accurate, a remark of Molotov to him the evening they had had dinner together, when he told Dulles that he could not for the world understand American Chinese policy, which seemed to be driving the Peking Government "right into our arms".

Dulles was very worried about the position in France, and almost equally worried about that in Italy. In fact, he was discouraged about the whole Western European picture except that from Germany. The French seemed to have no policy and no determination about Indo-China. They had put forward last year to the Americans a military plan (the Navarre plan) which appeared to Washington to be an effective one, and to warrant financial and economic assistance.[10] Then they weakened on its implementation, while in Paris there was no political stability or firmness.

L.B. PEARSON

[9] Voir aussi Chapitres 1 et 7./See also Chapters 1 and 7.
[10] Voir/See *Survey of International Affairs, 1953*, London, Royal Institute of International Affairs-Oxford University Press, 1956, pp. 285-286.

445. DEA/50115-P-40

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

Secretary of State for External Affairs to Ambassador in United States

DESPATCH D-830 Ottawa, July 2, 1954

TOP SECRET (FOR CANADIAN EYES ONLY)

Reference: Your Despatches Nos. 142 of Jan. 22, No. 528 of Mar. 22,† No. 610 of April 1, 1954.†

UNITED STATES DEFENCE POLICY AND POSSIBLE IMPLICATIONS FOR CANADIAN DEFENCE POLICY

Your despatches under reference have been very helpful to us and to the Department of National Defence as well; the Chairman, Chiefs of Staff and the military planners found them especially useful.

2. At the request of the Chairman, Chiefs of Staff the Joint Planning Committee has prepared a synthesis of these despatches and of other speeches and statements such as Admiral Radford's interview with *United States News and World Report.* The J.P.C. paper, copy of which is attached, was recently approved by the Chairman, Chiefs of Staff.

3. In the first Joint Planning Committee draft which was submitted to the Chairman, Chiefs of Staff, para 21 contained, as one separate project which the United States was expected to request, "the establishment of a United States fighter (and possibly strategic bomber) bases in Canada." The Chairman requested that this section be omitted.

4. In reviewing this and other amendments recommended by the Chairman, the Joint Planning Committee did not agree to the deletion. The Air Force member of the Joint Planning Committee informed the committee "that as a result of briefings and conversations at United States Air Defence Command it is evident that future plans in this Command called for the establishment of bases in Canada and that requests for these bases will probably be presented to higher U.S. authorities and eventually to Canada at an appropriate time. The bases in question include Goose Bay, Torbay, Churchill, and possibly, Edmonton." It was for this reason that the J.P.C. felt that the point should not be omitted from the paper, and it was agreed, therefore, to add it as part of section B of para 21.

5. The other changes recommended by the Chairman, Chiefs of Staff and accepted by the Joint Planning Committee were only minor points.

6. It is expected that this paper will be given to the Minister of National Defence prior to the forthcoming visit of Mr. Wilson, the United States Secretary of Defence.

BENJAMIN ROGERS
for Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

Rapport du Comité mixte de planification pour le Comité des chefs d'état-major

Report by Joint Planning Committee to Chiefs of Staff Committee

TOP SECRET (CANADIAN EYES ONLY) [Ottawa], June 15, 1954

UNITED STATES DEFENCE POLICY AND THE POSSIBLE IMPLICATIONS FOR CANADIAN DEFENCE POLICY

Introduction

The United States has entered two World Wars unprepared. In the face of the threat of Russian aggression which has developed since World War II, the United States is determined that this will not happen again. The purpose of this paper is to attempt to define the direction which U.S. defence policy has taken since the advent of the Republican administration, and to indicate what implications the "New Look" may have on Canadian defence policy.

2. Broadly speaking, U.S. defence policy under the Truman Administration was one of containment of Communist power based on the development of local and U.S. defence forces on the Soviet perimeter. It was a policy based on a principle of collective security through regional alliances and through its membership in the United Nations. Military assistance was sent to Greece and Turkey; mutual defence alliances with nations of South America and the North Atlantic area were established; U.S. forces were committed to the U.N. action in Korea and the defence of Formosa; limited aid was given to Indo-China. In addition to these commitments of U.S. forces and material, the United States embarked on a programme to strengthen its own defence forces, which would not only serve to defend North America, but would also provide a source of reserve power to be used when and where it was considered necessary. In this programme, particular emphasis was given to the expansion of strategic air power, the development of atomic weapons, and the provision of forces for the Korean campaign.

3. When the Eisenhower Administration took office, it was committed to undertake a searching reappraisal of U.S. defence policy, of defence planning and of defence spending. It was assumed that in contrast to the programme of the Truman-Acheson regime a "New Look" would inevitably emerge.

4. Before attempting to describe the defence policy of the Eisenhower Government, it might be helpful to discuss briefly several factors which have helped to shape this "New Look".

The Reason for the "New Look"

5. The Republican campaign for the 1952 election committed the Eisenhower Administration and the Congress to a programme which included promises to reduce Government spending, to cut taxes, and to balance the budget. Reduction of defence expenditures, the largest single item in the budget, was the obvious, and for other reasons such as reducing foreign commitments, the most politically expedient means of carrying out this programme. It was also argued that the U.S. economy could not continue to carry the heavy defence load which had been required for the "crash action" build up, and therefore the defence effort must be spread over a longer period of time and geared to the "long haul".

6. The decision to reduce defence spending was made possible to a large extent by the cessation of hostilities in Korea. In addition, while the United States may not have believed that the potential threat and international tension had lessened, nevertheless it is probable that the administration considered that by 1954 the power of the Communist world had been counter-balanced, at least in some measure, by the increase in the strength of NATO and the willingness of the U.N. to meet aggression with force.

7. Another factor which was used to explain the reduction in defence commitments and defence spending, was the development by the U.S. of tactical and strategic atomic and thermonuclear weapons. These weapons together with effective airpower constituted the real strength of the power to deter aggression, and provided the strategic force required for retaliation by means and at places which the U.S. (and its allies) choose. With this increased capacity to retaliate, the Eisenhower Administration could further justify reduction in defence expenditures.

8. Finally the realization that the Soviet Union had developed thermonuclear weapons and the potential capacity to strike any target in North America, gave the Eisenhower Administration the basis on which to justify their decision to divert more resources to the strengthening of U.S. air power and of continental air defence.

9. It seems clear that the need for a "new" defence policy was dictated largely by the commitment of the Republican Party to rescue the U.S. from the alleged failures and wastefulness of the Truman-Acheson Administration and to cut Government spending by reducing its commitments. It rationalized its new defence policy with the arguments that the U.S., and its allies, must convert to the "long haul" to avert economic exhaustion, that the strength of the allied world now counter-balanced the Soviet threat, thereby reducing the need to continue the crash-action build up. New weapons and air power provided a deterrent threat which would somehow reduce the requirement to commit U.S. forces to meet aggression at any point on the perimeter of the U.S.S.R., and Soviet capabilities now called for the development of increased retaliatory power and stronger continental defences.

10. It would appear that in reality there has been no fundamental change in U.S. defence policy. As President Eisenhower stated, the "New Look" was not new, and,

as Mr. Dulles added, the slogan was not a happy one. The Republican Government has assumed all the international obligations which it and previous Administrations have undertaken; it has continued to provide forces, military equipment and economic assistance to its allies on the perimeter of the Communist world; and it has continued to strengthen its own forces, relying heavily on the increasing effectiveness of U.S. air power and the development and availability of weapons of mass destruction.

11. It may be possible at this point to outline more clearly what the "New Look" actually means in practice, and then to define what it may mean for Canada's defence planning.

The Principles of U.S. Defence Policy

12. Within the framework of these general policy considerations, it might be helpful at this point to define more concretely the objectives of U.S. defence planning. In general the U.S. Government must develop and maintain a programme which, without assigning priorities, provides for:

(a) the defence of the North American continent;

(b) the reinforcement of the defences of its allies, especially those in NATO;

(c) the capability of contributing effectively to "local" actions such as in Korea;

(d) the capacity to retaliate decisively against targets in the homeland of the U.S.S.R.;

(e) the capability of controlling the high seas.

On the basis of these principles, U.S. defence policy is designed in very general terms to provide substantial offensive forces — air, land, and naval, and effective continental defences. These are the basic elements of the United States' concept of deterrent power. The "crash action" build up of military power over the past several years has produced what Admiral Radford described as "a very high degree of readiness". The U.S. Government has now revised its defence programme with the aim of "providing a sturdy military posture which can be maintained over an extended period"; this is the "long haul" concept.

U.S. Military Programme

13. The principal role of the United States in the strengthening of Allied defence forces is, according to Admiral Radford, "the creation, maintenance and exploitation of modern air power that will be superior to that of any other". This air power will provide defensive, offensive and support requirements for the forces of the alliance. Although reducing numerically its other services, their present striking power will, in fact, be increased through the introduction of new weapons, better equipment and more effective utilization of manpower.

The Role of Atomic and Thermonuclear Weapons

14. In the development of U.S. military power, the use of atomic and thermonuclear weapons which are available for strategic and tactical operations, is of fundamental importance. U.S. strategy is based on the assumption that it has the capacity to retaliate instantly by means and at places of its own choosing. Atomic and ther-

monuclear weapons may not necessarily be used, but they are now considered a part of the United States' conventional military strength.

U.S. Force Commitments Abroad

15. As implied earlier, the United States' primary commitment of forces abroad is to NATO. In this regard the United States has agreed "to maintain substantial forces of its own in Europe".

16. U.S. policy with regard to committing U.S. forces to the Far East is much less clearly defined. As a general principle "it is not militarily sound", according to Admiral Radford, echoing the views of the President, "to commit indefinitely U.S. land forces to Asia". It will be recalled, however, that the United States very quickly committed troops to the Korean war, and that it has declared its intention of maintaining certain military bases, for example, Okinawa in the Far East. Mr. Dulles has also declared that if the Chinese Communist Army invades Indo-China, it would have "grave consequences which might not be confined to Indo-China". At the present time the United States has announced its intention of reducing its forces in Korea while continuing on the other hand to provide Japan, Korea, and Indo-China and Pakistan with economic and military aid.

Continental Defences

17. It was noted earlier that the U.S. programme was designed to provide forces capable of launching decisive retaliation, to give assistance to its allies, and thirdly, to prepare effective defences on the North American Continent. This third aspect is unquestionably the most important in terms of implications for the Canadian defence programme. Before turning to the specific details of the U.S. defence programme, therefore, it might be well to review the general considerations on which U.S. continental defence policy is based. With this background in mind, it may then be easier to see the implications for Canadian defence policy.

The Principles of Continental Defence

18. The most important aspect of the defence of North America — effective retaliation against the war-making potential of the USSR — has already been considered. Apart from this aspect, the defence of North America requires, in general terms, adequate warning to civil and military authorities and the establishment in depth of early warning systems and defensive weapons — interceptor aircraft, guided missiles and anti-aircraft guns — in positions to destroy invading aircraft. There is also a requirement for a defence against submarine launched guided missiles and against possible enemy lodgements.

The Continental Defence Programme

19. In addition to combined planning through the CUSRPG, PJBD and other agencies, the two countries have cooperated in establishing fully manned radar systems, installations for interceptor aircraft and sites for anti-aircraft weapons. Surveys are now being carried out for a new early warning system, the mid-Canada line, and a third more northerly system is under consideration. The United States is also undertaking certain seaward extensions of the early warning system in the Atlantic and Pacific Oceans.

20. In addition to these projects which are either in operation or in the planning or construction stages, it is probable that the United States may request authority to:

(a) construct additional early warning radar stations;

(b) make suitable arrangements for the anti-aircraft cover of certain border points such as Windsor-Detroit, Sault Ste. Marie and Niagara Falls. It is also conceivable that the U.S. may request authority to establish U.S. fighter bases in Canada.

Effect on Canadian Defence Programme

21. The effect of U.S. defence policy on the Canadian defence programme may be:

(a) the further integration of the air defences of Canada and the United States;

(b) an increase in the air defence forces of Canada, including fighter aircraft, anti-aircraft and guided missile forces;

(c) the increase in Canada's participation in continental defence.

Civil Defence

22. One indirect but very important result of the increasing demand for more effective continental defences is, and will continue to be, a demand for more adequate and coordinated civil defence.

Conclusions

23. It was concluded earlier that although there has been no fundamental change in U.S. defence policy, the "New Look" has marked a shift in emphasis in the defence programme. While continuing to fulfil its international commitments, and to strengthen its own forces and capabilities, the Eisenhower Administration has placed added stress on the development of air power, the provision of more adequate continental defences, and preparations for the use of strategic and tactical atomic and thermonuclear weapons. As these policies take shape in concrete programmes, the requirements of continental defence will undoubtedly have a direct effect on Canadian defence policy. As noted above, the Canadian Government may be faced with requirements for additional radar systems, interceptor forces, anti-aircraft and guided missile installations, further integration of air defences in one command, and generally closer measures of cooperation in planning and in defence commands. In general it may be concluded that the demands on Canadian resources — financial, physical and manpower — are likely to be substantially heavier.

SECTION B

LE RÉSEAU D'ALERTE AVANCÉ, LA LIGNE MID-CANADA ET DÉFENSE AÉRIENNE CONTINENTALE
DISTANT EARLY WARNING SYSTEM, MID-CANADA LINE AND CONTINENTAL AIR DEFENCE

446. DEA/50209-40

Le président de la section canadienne de la Commission permanente canado-américaine de défense au secrétaire d'État aux Affaires extérieures

Chairman, Canadian Section, Permanent Joint Board on Defence, to Secretary of State for External Affairs

TOP SECRET Ottawa, January 22, 1954

Dear Mr. Pearson,

During the last meeting of the Permanent Joint Board on Defence which was held at U.S. Air Force Air Defence Command Headquarters, Colorado Springs, Colorado, the Board was able to acquire a very clear picture of the plans and policies of the USAF Air Defence Command by means of briefings from ADC staff officers and by informal discussions with them.

In the opinion of the Canadian Section, the information thus acquired is of importance to the Canadian Government. We have therefore prepared the attached report. I am also sending copies of this report to Mr. Claxton, the Chairman, Chiefs of Staff, the Secretary to the Cabinet, the Acting Under-Secretary of State for External Affairs and the Chairman, Defence Research Board.[1]

Yours sincerely,

A.G.L. McNAUGHTON

[1] La note suivante était inscrite en marge de l'avant-dernière ébauche de ce rapport :/On the penultimate draft of this report, there was the following marginal note:

It is indeed very interesting. L.B. P[earson]

[PIÈCE JOINTE/ENCLOSURE]

Rapport

Report

TOP SECRET (CANADIAN EYES ONLY) [Ottawa], January 21, 1954

SOME ASPECTS OF UNITED STATES AIR DEFENCE POLICY AS ENUNCIATED TO THE PJBD BY THE STAFF OF THE USAF AIR DEFENCE COMMAND, COLORADO SPRINGS, COLORADO

Introduction

1. The Permanent Joint Board on Defence held its January, 1954 meeting at the Headquarters of the United States Air Force Air Defence Command, Colorado Springs, Colorado. In the course of the visit the Canadian Section of the Board was given a series of presentations by USAF Air Defence Command Staff Officers which together constituted a comprehensive exposition of the views of these officers on the threat to North America, what must be done to meet that threat, and the progress of the technological developments which will affect both air offence and defence during the next few years. The statements made were objective and very frank.

The Threat

2. The Board was given an account in some detail, not only of the USAF Air Defence Command estimate of Soviet capabilities to launch air attacks and the areas of North America which could be reached by such attacks, but also of the methods used in appraising the intelligence information upon which the estimate was based. The briefing on intelligence included a visit to the "Indications Room" and a general discussion of the indicators used and their relative significance. The estimates of Soviet capabilities were essentially the same as given in Canadian-United States agreed intelligence papers, but as one would expect, when making use of these estimates in the development of United States plans, an "insurance factor" was included.

3. In order to demonstrate the destructive capability possessed by an enemy who has the hydrogen bomb, the Board was shown a TOP SECRET film on "OPERATION IVY", the thermonuclear test carried out at Eniwetok in November, 1952. Great emphasis was placed on the fact that this was the first occasion that the film had been shown to persons other than United States citizens. The pictures of the explosion showed clearly the awesome power of the weapon and helped to explain why the United States is so concerned about the problem of air defence.

4. The most important conclusion to be drawn from all the discussions on the threat is that responsible United States officials are firmly of the opinion that the Soviet Union has now, or will have shortly, the capability of launching an atomic attack on North America on a scale sufficient to eliminate this continent as an effective source of resistance to the achievement of Soviet objectives. For this reason, the United States officials assert that even to provide a margin of protection sufficient only to keep our losses to the point where we would have the ability to

recuperate and retaliate, the North American air defence system must be greatly expanded and that it is necessary that this be done rapidly.

Meeting the Threat

A. *Early Warning*

5. The USAF Air Defence Command has associated with it a Joint Air Defence Board which is responsible for carrying out long-range planning studies. The Joint Air Defence Board's concept of early warning covers the whole of the northern hemisphere. Studies now being carried out embrace measures which might be taken to improve the radar systems of friendly countries bordering the Soviet Union and its satellites; the use of airborne early warning in areas adjacent to Russia; the installation of alarm-type radars on merchant ships and civil aircraft which operate in suitable areas; the construction of the far-northern Canadian line and the 55th parallel line; the establishment of the seaward extensions of the early warning system in Canada from Newfoundland to the Azores and from Alaska to Hawaii; and the improvement of the existing heavy radar installations in Canada and the United States by the installation of gap-filling equipment and data transmission and analysis equipment. Some of the above measures, particular those concerned with the North American warning system, are already included in the implementing programmes of the USAF Air Defence Command. Others are at this stage only preliminary proposals for possible implementation at a later date if studies now in progress bear out their value.

6. The U.S. Members of the PJBD have expressed interest in the Observer Corps organization in Northern Canada, and in the provision of effective means for the transmission of reports; also in the possibility of putting alarm-type radar equipment at the northern weather stations and other places where the few suitably qualified personnel required would be available.

B. *Engaging the Enemy*

7. In addition to the fighter forces in Alaska and Northeast Command (which are not under control of Air Defence Command), there are at present 51 squadrons of interceptor aircraft in the continental United States under Air Defence Command, 41 of which are equipped with all-weather aircraft. The defence programme now accepted by the U.S. Defence Department provides for the expansion of this force to 69 all-weather squadrons by 1955, and ADC planning is now being carried out on the basis of a further increase to 85 - 100 squadrons by 1960. In addition to the forces directly under ADC Command, further support in event of emergency can be provided on a few hours' notice by Tactical and Strategic Air Commands and the U.S. Navy. Ground defences are also being expanded. There are now 61 anti-aircraft battalions, 20 of which will be equipped with the Nike ground-to-air guided missile by the end of 1954. Planning is being carried out by the Anti Aircraft Artillery Command on the basis of 160 - 190 Nike battalions by 1960.

8. An account in some detail was given of the arrangements for co-ordination with the Alaskan and Northeast Air Commands of the United States Air Force, and with the Royal Canadian Air Force Air Defence Command. It was made clear, however, that although these arrangements had been developed to a high standard, they could never, in the view of the United States, be as effective as would a true integration,

and the hope was expressed that the day might come when this would be possible. (Presumably if integration were carried out it would mean the establishment of a North American Air Defence Command which would control all air defence forces in both Canada and the United States).

9. On several occasions reference was made to the desirability of increasing the depth of the combat area when the existence of more distant early warning would make this useful. Members of the Canadian Section tried to find out what was meant by this thought and to learn whether there were any plans involving the stationing of fighter forces or the establishment of bases in Canada, but the U.S. officers were not prepared to comment on this.

The Impact of New Weapons

10. The United States Air Force has now under development a supersonic all-weather fighter (the F-102) which will be armed with an air-to-air guided missile. By 1960 the USAF Air Defence Command anticipates that there will be available a ground-to-air missile known as BOMARC, with a range of 250 miles and armed with an atomic warhead. Planning is being carried out on the basis of 3000 BOMARC missiles, to be used initially primarily for defence of the seaward approaches. General Chidlaw, the Commanding General of Air Defence Command told the Canadian Chairman that rapid progress was being made in the development of missiles of this type, and of intercontinental missiles, and he expressed the opinion that there might well be only one more manned fighter developed by the United States after the F-102.

Conclusions

11. The Canadian Section of the Permanent Joint Board on Defence concluded that the combination of formal briefings and informal conversations was definitely planned to convey to the Canadian Section of the PJBD the importance attached by the United States Air Defence Command to the necessity of raising the level of North American air defence to a point which will insure that no Soviet attack will be able to reduce United States and Canadian warmaking capacity below that required to recuperate and retaliate effectively.

12. The features of the presentation which the Canadian Section of the PJBD considers were of most immediate importance to Canada were the expression of U.S. Air Defence Command belief

(a) in the necessity for an early warning line along the Arctic coast from Alaska to Baffin Island in addition to the line along the 55th parallel;

(b) that integration of the North American air defence system is desirable;

(c) that the depth of the "combat area" should be increased. Presumably this would mean fighter or guided missile bases in Canada.

13. In bringing these matters to the attention of those concerned, the Canadian Section of the PJBD is merely reporting the views placed before it by the Commanding General and senior staff officers of the USAF Air Defence Command.

447. DEA/50209-40

Note de la 1re Direction de liaison avec la Défense pour le sous-secrétaire d'État par intérim aux Affaires extérieures

Memorandum from Defence Liaison (1) Division to Acting Under-Secretary of State for External Affairs

TOP SECRET [Ottawa], February 19, 1954

CONTINENTAL DEFENCE

I have been trying without success for the last two or three weeks to get some information from the RCAF on the progress being made on the fifty-fifth parallel early warning line. However, Dr. Abrams of the Defence Research Board, who is the Head of the Canadian Section of the Scientific Advisory Team, has just come back from a visit to Washington, so I discussed the matter with him.

2. Abrams said that because of A/V/M Miller's view that the RCAF should move very cautiously on this project, and because of the antipathy and distrust in the RCAF Telecommunications Organization of the work of the D.R.B., the RCAF is apparently planning to duplicate a good deal of the work done by the D.R.B. on the experimental link of the McGill Fence Line which has been operating for the past eighteen months between Arnprior and North Bay. Apart from any question of whether this duplication is justified or not, it is clear that it will seriously delay the commencement of the construction of the fifty-fifth parallel line.

3. At the same time as this test programme will be going on, a joint RCAF-USAF team will be working out the operational requirement for the fifty-fifth parallel line. From all indications, the RCAF members of the team will be approaching this task with an "open" mind and without any particular feeling of allegiance to the concept developed in the Military Study Group that the line should be no more than a warning fence and should be very simple. According to Abrams, the United States members of the team will be approaching the problem in the light of the concept that as soon as possible the main interception line should be moved north to the fifty-fifth parallel. To this end, they will be supporting the view that the fifty-fifth parallel line should be based on the "Lincoln" concept, utilizing manned scanning radar. They will argue that this could be done for approximately the same amount as the McGill Fence can be built. Abrams does not believe that this could in fact be done, but the cost of either system is sufficiently uncertain that it would be difficult to refute.

4. Abrams informed me that the oblique hints given to the PJBD at Colorado Springs that the USAF was thinking of increasing the depth of the combat zone were developed in much greater detail at a subsequent meeting between A/V/M James, General Chidlaw, General Myers and General Aitcheson from Alaska. The U.S. plan would involve the replacement in three or four years of the fifty-fifth parallel line by a new type of G.C.I. radar known as Muldar. It is much smaller than existing G.C.I. installations and would incorporate automatic data transmission equipment. While this was being installed, a complex of fighter bases, Bomarc installations, etc., would be built up in the area between the fifty-fifth and forty-

ninth parallels to take advantage of the G.C.I. installation. This whole concept is, of course, dependent upon the existence of a more distant early warning line, i.e., Corrode Line. Abrams felt that the Americans would start pushing for the Corrode Line within the next couple of months, probably in the first instance through the M.S.G. He thought that the whole "master plan" would, as usual, be unveiled step by step, but that the period of grace before we were confronted with the problem would be short. To support his beliefs, he told me that he had been given to understand that in calculating requirements for new type radars and for date transmission equipment, the Americans had included estimates of what would be needed for installation in Canada to make the "master plan" possible.

5. Abrams himself was not at the meeting of Air Defence Commanders mentioned above, so the information he gave me on what took place there is second-hand. However, he is arranging to have Dr. Lindsey, who is now stationed at St. Hubert, come to Ottawa on Monday and give me a direct account of the discussions.

6. It is difficult to see just what External Affairs can do to bring these issues into the open. I suggest that as a first step I should attempt to confirm and supplement the information given above by further discussions with officers in the Department of National Defence. If it appears that the story is substantially correct, you might consider suggesting to General Foulkes that you suspect that the "defence in depth" concept referred to in the PJBD Colorado Springs paper is much further advanced than the discussions at Colorado Springs would indicate, and that it might be worthwhile for General Foulkes to ask for the views of the C.A.S. and A/V/M James on this matter.[12]

W.H. B[ARTON]

[12] Notes marginales :/Marginal notes:
Source should be protected. R.A. M[acKay]
Dr. Solandt raised the main points here in Chiefs of Staff Committee today. The Chairman said that General Twining and Mr. Douglas when here last week stated categorically that no further requests on Canada were pending. He felt that any such proposals as were mentioned in this memo emanated from enthusiasts and not from the Joint Chiefs. It was mentioned however that our ADC appeared to have heard something along these lines from the U.S. ADC. The C.A.S. was accordingly requested to look into the matter & report. R.A. M[acKay] 22/2/54

448. DEA/50209-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-397 Washington, March 10, 1954

TOP SECRET

MEETING OF CONSULTATION, MARCH 4, — PUBLIC STATEMENT ON CONTINENTAL DEFENCE

Following for the Acting Under-Secretary, Begins: You will remember the discussion at the meeting of consultation with United States authorities on March 4 concerning the desirability of the issuance of a public statement or a press release on the progress of joint Canadian-United States efforts to strengthen the defences of the continent.[13]

2. Our record of the meeting of consultation, which we should be able to send you in the next few days, contains two references to the discussion on this point. The first reads, "The Chairman suggested that the possible issuance of a press release (on continental defence) might be considered by the Canadian and United States authorities." The second reference reads, "The meeting ended with agreement on both sides that no mention of these meetings of consultation should be made in any public statement but that responsible authorities in both countries might be asked to cooperate in the preparation of a draft press release or public statement concerning the progress of installations for continental defence."

3. While a comparison of the Canadian and United States records of the meeting was being made at the State Department on March 9, Raynor informed us of a development which suggests that early attention should be given to the release of some information on the work being done with respect to continental defence. He said that the State Department had received a letter from representative Cole, Chairman of the Joint Congressional Committee on Atomic Energy, asking why more was not being done to improve continental defences.[14] The State Department had been unsuccessful in attempting to convince representative Cole to delay the sending of his letter. Some reply would have to be sent to him in the very near future.

4. No final decision has been reached in the State Department as to what reply should be sent to representative Cole. It is possible, however, that within a day or two a draft of the State Department reply will be shown to us. It is not clear whether the State Department will seek Canadian concurrence to their reply. If that

[13] Voir/See Document 491.
[14] Voir/See United States, Department of State, *Foreign Relations of the United States (FRUS), 1952-1954*, Volume VI, Washington, Government Printing Office, 1986, Document 984, pp. 2117-2118.

should be the case, we shall consult you before offering any Canadian comments on the letter.

5. Raynor was of the opinion, with which I agree, that the sooner some agreed public announcement is made by the Canadian and United States Governments concerning improvements in continental defence the less difficulties will be caused our governments. No matter what security classification is given to the State Department's reply, the danger always exists of a congressional leak. You may also have some draft statement in mind which you could send us for discussion with United States authorities. Ends.

449. DEA/50209-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-412 Washington, March 11, 1954

SECRET. IMPORTANT.

Reference: Our telegram WA-397 of March 10.

PUBLIC STATEMENT ON CONTINENTAL DEFENCE

Raynor, Director of the State Department's office of British Commonwealth and Northern European Affairs, gave us, late on March 10 a draft of a possible State Department reply to representative Cole's letter mentioned in our telegram under reference. The text of the draft reply is included in a following telegram. In addition, Raynor let us take notes on representative Cole's letter itself and these are contained in a separate following telegram.

2. Raynor emphasized that the draft reply has been cleared only to his level in the State Department. He has reason to believe that it will be satisfactory to the joint chiefs. It has not, however, been seen yet by more senior officers in the State Department or the Department of Defence. The draft, therefore, must be regarded as a preliminary one even though Raynor did not anticipate any serious objection to it by his superiors.

3. Raynor said that because our two governments were cooperating so closely in the joint effort to improve the defences of the continent, and since representative Cole's letter dealt primarily with that joint effort, the State Department thought it was only reasonable and courteous that Canadian comments on the reply be sought. The State Department would like to know whether the Canadian authorities would have any serious objections, either to the substance of the draft reply or to the method of answering representative Cole's query.

4. We said that, of course, the draft would have to be seen in Ottawa before any Canadian comment could be offered on it. We told Raynor that we thought it would be possible to get informal Canadian comments on the draft at the official level but

we did not think it likely that the formal concurrence of the Canadian Government would be forthcoming. We expressed the view that you would probably wish to have every precaution taken that the letter sent to representative Cole could not be regarded in any sense as the product of joint authorship. The letter was after all a request by a United States Congressional Representative for information, as to what the United States was doing to advance the cause of better continental defence and concerned the Canadian Government only indirectly. Raynor seemed to appreciate these points.

5. You may be interested in a few of our preliminary comments on the draft reply. In general terms it strikes us that the draft reply is so vaguely phrased as not to constitute too great a problem so far as Canadian interests are concerned. This vagueness leads us to wonder whether representative Cole will be satisfied with a reply along these lines. Even with this general view in mind, we believe certain improvements in the text, from our point of view, could be made. The reference in the last sentence of the fourth paragraph to the attention being given to the more distant early warning line may cause some concern. It may be possible, in addition, to improve on the drafting of the two preceding sentences which deal with the difficulties "in arranging a co-operative project of such magnitude". These sentences suggest problems of principles between governments. Some balance might be added if reference were made to difficulties and delays caused by the purely technical problems which must be solved before any early warning line can be established. In the fifth paragraph reference is made to the possible issuance of a joint public statement by the two governments on the progress in establishing an early warning line. I believe that the references made to this matter in the recent meeting of consultation were in more general terms and not related to any particular warning line. I am not certain, in addition, that in the thought which you have given to this matter you have considered the issuance of a *joint* statement. You may simply have had in mind an *agreed* statement.

6. As we suggested in our telegram under reference representative Cole's query seems to us to increase the urgency of some public announcement being made by the Canadian and United States Governments concerning improvements in continental defence. It would obviously be much more desirable that a progress report on Canadian activities be made public by Canadian authorities than through congressional leaks of information. Raynor told us he is certain that Bedell Smith holds the same view.

7. The State Department is under compulsion to reply promptly to congressional enquiries and have, therefore, expressed the hope that we will be able to offer Canadian comment by Monday, March 15, at the latest. I would be grateful, therefore, if you could let us have your instructions as to:

(a) Whether views should be expressed to the State Department on the draft reply to Cole;

(b) If so, what those views should be;

(c) Whether they should be made under conditions, e.g. that no reference be made to any Canadian consultation;

(d) Whether these views should be defined, e.g. as informal and official (without ministerial sanction?).

450. DEA/50209-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-413 Washington, March 11, 1954

SECRET. IMPORTANT.

Reference: Our WA-412 of March 11.

PUBLIC STATEMENT ON CONTINENTAL DEFENCE

The following is the text of the State Department draft reply to representative Cole, Chairman of the Joint Congressional Committee on Atomic Energy, which is mentioned in our telegram under reference. It bears the State Department security classification "secret". Text begins:

My dear Mr. Cole:

Reference is made to your letter dated March 5, 1954, the receipt of which has been acknowledged by telephone, regarding our negotiations with Canada concerning the establishment of an early warning line for continental defence.

This matter is one which, as you know, has been receiving the constant attention of all the interested departments within the United States Government, with a view to determining what actions may be necessary to improve our continental defense against air attack. The United States is in close and continuous consultation with the Canadian Government on this and on all phases of defense. When the Canadian Prime Minister visited the United States in May of 1953, he explored various proposals with the President.[15] Again when President Eisenhower visited Ottawa in November of 1953 continental defense was foremost amongst the subjects discussed, and complete agreement was reached between the two governments on the need for effective measures against air attack.[16] Since that time I have been giving this matter my close personal attention in various stages of discussion with the Canadians.

The Permanent Joint Board of Defense, United States-Canada, which is the primary organization for the consideration and recommendation of joint measures for the defense of the two countries keeps the progress on this important matter under continuous and searching review.

The cooperation received from the Canadian Government has been prompt and effective. Action has already been initiated by the RCAF and by the USAF which

[15] Voir/See Volume 19, Documents 661-662.
[16] Voir/See Volume 19, Documents 664-665.

are the agencies of the two governments charged with the responsibility of carrying out the necessary construction and operation of a sub-Arctic early warning line. Preliminary surveys are going forward on the ground and studies are proceeding with all priority with a view to selecting the necessary types of equipment and communications. I may say that all aspects of this important project are going forward with the sense of urgency which they merit, and with all practicable dispatch consistent with orderly planning and sound administration. There are, of course, many problems in arranging a cooperative project of such magnitude where many agencies of two governments are involved. I assure you that these problems are being solved in a spirit of the utmost frankness and harmony, and I am confident that arrangements will be made which are completely satisfactory to both governments. In addition, studies are being pressed forward with respect to a more distant early warning line in the Canadian Arctic. These investigations, designed to determine the feasibility, have not yet been completed.

I shall appreciate it if you will maintain the above-mentioned information in confidence for the present in view of the need for security and in the light of our continuing discussions with the Canadians. It is expected that the two governments will in the near future be able to issue a joint public statement, outlining the progress which has been made towards the establishment of an early warning line. I am sure you are already familiar with the extensive radar installations in Canada which have been completed or are in the process of construction under previous agreements with the Canadian Government.

Your interest in writing is much appreciated. I can assure you that this department is fully aware of the necessity and the vital importance of taking necessary measures for continental defense.

Sincerely yours,
Acting Secretary

Text ends.

451. DEA/50209-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-402 Ottawa, March 13, 1954

TOP SECRET. IMMEDIATE.

Reference; Your WA-413 of March 11.

CONTINENTAL DEFENCE

Following from Acting Secretary of State for External Affairs.

1. We agree with your views that the letter sent by the State Department to Representative Cole should not be regarded in any sense as a product of joint authorship.

With the clear understanding that whatever is sent is the responsibility of the State Department, we would offer the following comments.

2. We are concerned about the tone of Representative Cole's letter with respect to the delays which he attributes to negotiations between the two countries. While the State Department's reply attempts to refute this accusation of delay, it still contains the following sentence — "There are, of course, many problems in arranging co-operative matters of such magnitude where many agencies of two Governments are involved". We suggest that the State Department reply might draw attention to the fact that the military recommendation for a Sub-Arctic early warning line was first put forward on October 22, 1953 and that the Canadian Government had agreed and ordered the RCAF to start preliminary work on November 6, 1953. The mention of these dates should completely remove any suggestion that inter-governmental negotiation had delayed the project.

3. The attention of the State Department might also be drawn to the fact that its draft reply to Representative Cole makes no mention of the seaward extensions to the Sub-Arctic line in the Atlantic and the Pacific, and the Airborne radar back-up which greatly strengthens the scope of the seaward extensions to the early warning line. This portion of the project is purely American and could be expedited without any consultation with Canada. Reference might also be made to the fact that in order for the early warning line to meet the air defence requirements of the two countries, it is necessary for the Canadian Sub-Arctic line to be constructed in most difficult terrain where the weather in winter is as extreme as anywhere in the North American continent. It is these difficulties of terrain and weather which are tending to set the pace in the rapid construction of the line. There are no roads and the sites are accessible only be caterpillar tractor trains and by helicopters. The temperatures are such that the reconnaissance parties must be limited to men who have had experience in operating in this kind of climate. Since November 6, 1953, when the project was accepted and commenced by Canada, the aerial photography has been completed, and by June 1, 1954 most of the line will have been reconnoitred and the sites selected. Actual construction and installation will commence later this year.

4. If the reply is to refer to the distant early warning line, we think that it should be made clear that it is a purely United States project (not a joint one), that it is experimental, and that the cooperation which the Canadian Government was asked to give was in fact given without delay. End of comments.

5. You may recall that I made a statement on continental defence in the House of Commons beginning on page 363 of Hansard, on November 26, 1953. The more important parts of this begin at the bottom of the right-hand column on page 364 and continues on the left-hand column on page 365. This had been cleared with the State Department. It should be added that on several other occasions here, it had been made plain that in deciding to commence work and in actually commencing work, our Government took the initiative.

6. We shall inform you in a separate telegram of the situation with respect to the possibility of issuing a joint or agreed public statement on the subject of continental defence.

7. Please express to the officials of the State Department our appreciation for being taken into their confidence.

452. DEA/50209-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-403 Ottawa, March 13, 1954

TOP SECRET. IMMEDIATE.

Reference: My immediately preceding telegram.

CONTINENTAL DEFENCE

Following from Acting Secretary of State for External Affairs.

1. The understandable desire of the State Department to reply to Mr. Cole at an early date must inevitably be related to the consideration of the proposed joint or agreed statement on the subject of Continental Defence. The understanding between General Foulkes and Admiral Radford at their meeting on March 4 was that Foulkes would prepare a draft and forward this to Radford for consideration. It seems to us here that there is a great deal to be said in favour of issuing a public statement at about the time of the reply to Cole. In any event I would think that any reply to Cole would take into account the terms of a draft public statement if they were available at the time of the final preparation of the reply to Cole.

2. There is another aspect to be considered in settling the timing. If the letter to Cole should leak to the press, it might do considerable harm by confusing public understanding in both countries. This eventuality would be safeguarded if an official public statement had been issued at the same time by the two governments.

3. Consequently I think there is much to be said for presenting the draft of an agreed public statement to the State Department and Radford before the reply to Cole is sent. If this is done, the State Department and the Pentagon might feel that there is a good deal to be said for agreeing on the public statement and issuing it either before or at the time of the reply to Cole.

4. Accordingly we have prepared a preliminary draft of a possible public statement and this is contained in the immediately following telegram. The draft, as originally prepared by Foulkes, has been revised by me and discussed with MacKay and General McNaughton. The draft as finally worked out would be subject to final approval by the Ministers concerned if not the Cabinet.

5. I suggest that you do the following as quickly as possible:

(a) Give the draft to the State Department and ask DeWolf to give it to Radford, making it clear that the draft (or indeed the question of whether there is to be any public statement) has not (not) yet been decided by the Canadian Government.

(b) Without delaying action on (a), please discuss the draft with Mr. Pearson who will perhaps wish to discuss it with Mr. Howe.

6. If it should be decided, as I hope, to have an agreed public statement next week by both Governments, it would of course take the form in Ottawa of a statement in Parliament. Ends.

453. DEA/50209-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-404 Ottawa, March 13, 1954

TOP SECRET. IMPORTANT.

Reference: My immediately preceding telegram.

CONTINENTAL DEFENCE

Following is text of draft public statement, begins:

North American Air Defences

1. The Canadian and United States Governments have for some time now been appraising our air defence system to define the steps required to strengthen our defences in the light of recent advances in the destructive capabilities of atomic weapons against targets in our two countries.

2. Long before the existing radar control and warning chain in Canada (known as the PINETREE chain) was approaching completion, the two countries were engaged in the intensive study of what further steps might be desirable and practicable. In 1953, a team of Service and scientific advisers representing both countries recommended that additional early warning be provided by the establishment of a new radar system generally to the north of the settled territory in Canada.

3. The report of this team was considered by the Chiefs of Staff of each country during the month of October 1953. At a meeting in Washington early in November, the Canadian representatives informed the United States authorities that the Canadian Government was prepared to proceed immediately with the necessary surveys and siting for the proposed new early-warning radar system.[17] This work is already well advanced and the reconnaissance and siting will in the main be completed in June 1954. Construction will commence later this year.

4. There are many difficult problems to be solved in establishing this early warning system in the Canadian North. The system will extend over more than 5,000 miles and its survey will involve the examination of a great number of possible sites. Much of the ground is inaccessible except by tractor train and helicopter. In

[17] Voir/See Volume 19, Document 725.

many areas extreme temperatures are confronted for several months of the year. Many technical problems, including the interference of the auroral belt with electronic devices, have had to be overcome. To avoid stationing large numbers of men in this difficult country the system is being designed to operate with as few men as possible. In overcoming these problems the U.S. Air Force is working closely with the RCAF.

5. At the same time the United States Government is working on the extension of the warning system to the seaward approaches in the northeastern and northwestern sectors of the system. The Alaska and Greenland radar systems are coordinated with those in Canada and the continental United States, and the development of radar-equipped picket ships and airborne radar is well advanced.

6. In these matters the two governments are working in the closest cooperation so that the resulting system will best serve the needs of both countries in their common defence. End of draft.

7. Following for Glazebrook. This draft has not yet been checked finally by Mr. Claxton, but we are putting it on the wire now as Mr. Claxton will not be available until this evening. MacKay will telephone you not later than noon Sunday if any changes are required.

454. DEA/50209-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-405 Ottawa, March 15, 1954

TOP SECRET. IMMEDIATE.

Reference: My EX-402 and EX-404 of March 13, 1954.

CONTINENTAL DEFENCE

The following are the changes requested by Mr. Claxton to the telegrams under reference:

EX-402

(1) In the final sentence of paragraph 3 delete the words "was accepted and".

(2) Delete the text of paragraph 4 and substitute the following: "If the reply is to refer to the distant early warning line, we think that it should be made clear that it is still entirely experimental".

EX-404

(1) In the second sentence of paragraph 2, change "in 1953" to read "in October 1953".

(2) In the first sentence of paragraph 3, change "during the month of October 1953" to read "during the same month".

455. DEA/50209-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-440 Washington, March 15, 1954

TOP SECRET. IMPORTANT.

Reference: Your telegrams EX-403 and EX-404 of March 13.

PUBLIC STATEMENT ON CONTINENTAL DEFENCE

Following for the Acting Secretary of State for External Affairs, Begins: Mr. Pearson has had an opportunity to study the draft statement concerning continental defence which was dealt with in your telegrams under reference and has suggested that action might be delayed on those telegrams until he has had an opportunity to have a word with you. In general he believes that a somewhat more comprehensive statement than that contained in EX-404 of March 13 might be desirable.

2. Mr. Pearson has suggested in addition that we might indicate to the State Department our view that no reference to a possible joint Canada-U.S. statement be made in the reply to Representative Cole (WA-413 of March 11). If the State Department's letter to Representative Cole becomes public knowledge, as it may very well do, Mr. Pearson believes it would be unfortunate if the impression were created that a joint statement by the two governments was occasioned by a Congressional letter on one aspect alone of our joint efforts to improve the defences of the continent.

3. You may wish to discuss this in more detail with Mr. Pearson by telephone. Ends.

456. DEA/50209-40

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

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-413 Ottawa, March 15, 1954

TOP SECRET. IMMEDIATE.

Reference: Your telegram WA-440 of March 15.

Following for Pearson from Claxton, Begins: What we here thought was important was that we should get into U.S. hands a draft of the proposed statement before they sent a reply to Mr. Cole so that they could see our view of what should be said. Even if this was not followed closely it would probably be taken into account

in their reply. This seemed to me to be the best way to get across to them just how inadequate their reply was without putting ourselves in the position of expressly commenting on it.

Here this seemed to us to be a matter of great importance and extreme urgency as it would be most unfortunate if a reply was sent to Mr. Cole along the lines of the draft and this subsequently leaked out. This would certainly lead to our being asked questions here. I would think it would be a good thing to warn the Americans of this possibility and to indicate to them that if we were asked we would make a reply along the lines of our draft, subject to such modifications as they might suggest and we might accept.

It was not my thought that the reply to Mr. Cole would refer to the statement. I don't see that it would matter very much if people did link up the two. The fact that Mr. Cole had made an inquiry had indicated to us the desirability of making immediately a statement which had been under consideration for some time. Ends.

457. DEA/50209-40

Note de l'ambassade aux États-Unis pour le secrétaire d'État aux Affaires extérieures

Memorandum from Embassy in United States to Secretary of State for External Affairs

TOP SECRET Washington, March 16, 1954

PUBLIC STATEMENT ON CONTINENTAL DEFENCE

Copies of the most recent exchange of telegrams with Ottawa concerning our comments on a State Department reply to Representative Cole are attached for your information (WA-440 of March 15, EX-413 of March 13 and WA-447 of March 15). We are satisfied that in speaking to Raynor yesterday, March 15, about the Cole letter we made the point dealt with in Mr. Claxton's message to you (EX-413). You will remember that it was your suggestion that we might use the material in Ottawa's draft of a possible public statement as a basis for our comments on the Cole letter.

2. In the course of the discussion with Raynor the parallel question of a public statement on continental defence came up. One of the first points discussed was how comprehensive such a public statement should be. Raynor said that it was clear to him from studying the record of the recent meeting of consultation that both Bedell Smith and Admiral Radford were in favour of some public statement on continental defence, the objective of which would be to off-set criticisms (especially those inspired by civil defence authorities seeking increased appropriation) that not enough was being done in this vital field. Raynor was certain, therefore, that at a high level in both the State Department and the services there was support for issuance of some public statement on continental defence, but he was not certain that much detailed thought had been given to how comprehensive it should be. Horsey from the Canadian Desk, who was also present said that he thought what was normally an unimportant problem of semantics might assume greater impor-

tance if a joint or agreed statement were to be issued by the two Governments. When United States authorities speak of "continental defence" they mean literally defence of the continental United States and all that that involves and not merely the early warning systems to be installed in Canada. "Continental defence" for them, in other words, covers almost all aspects of United States defence policy except United States overseas commitments. A United States public announcement, therefore, covering continental defence might include reference to projects which were purely American. After some discussion of this point we did agree, however, that there were a good many projects in addition to the mid-Canada early warning line which were of joint Canadian-United States concern in the defence of the continent. I suggested that even a purely American project such as the seaward extensions of the early warning line was so closely related to the mid-Canada line that reference to it might properly be included in any agreed release of information by the two countries. Raynor said that consultations between various agencies of the Administration including reference to the White House would be necessary if anything like the kind of statement we were discussing was to be prepared and he indicated that this kind of consultation could not be completed in a few days. Until he had explored thinking in his own Department a little more fully he could offer no definite opinion as to what the United States Government's attitude would be. He promised to follow the matter up, however, since it was his impression from the recent meeting of consultation that United States interest in a statement of some kind as expressed by Smith and Radford was probably as great as was the Canadian interest. In answer to his question as to which we preferred, a joint or an agreed statement, I said that there were indications that we would prefer an agreed statement and that in all likelihood we would wish to make any such release in the form of a statement by the responsible Minister in the House.

3. Raynor said that he was certain that in view of the opinions expressed at the recent meeting of consultation the desire of both Governments was to supply as much information as possible to the public on the progress of the build-up of continental defences. If this was the case it seemed only reasonable that the agreed release should be as detailed as military security would allow and should fit the particular early warning projects into the perspective of the total defence efforts of the two countries. It should, among other things, be one contribution to the United States effort to convince its European allies that a prudent build-up of the defences of the continent did not signify a return to isolationism by the United States Government. Both State Department representatives referred to the relevant passages of your speech at the Press Club in this context.

4. While it may take some time to clear a comprehensive statement through the labyrinth of interested United States agencies, the end result would, in our opinion, be much more useful than a restricted statement along the line of the draft contained in Ottawa's telegram EX-404 of March 13.[18] If it would have the support of Smith and Radford, as we think it would from the views expressed at the recent

[18] Note marginale :/Marginal note:
I agree. L.B. P[earson]

meeting of consultation, the time required for clearance might well be reduced. Mr. Glazebrook has seen this memorandum.

J.J. M[cCARDLE]

458. DEA/50209-40

L'ambassade aux États-Unis
au sous-secrétaire d'État aux Affaires extérieures

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

LETTER NO. 550 Washington, March 25, 1954

SECRET

Reference: Our telegram WA-447 of March 15.†

CONTINENTAL DEFENCE — REPLY TO LETTER FROM REPRESENTATIVE COLE

Raynor gave us on March 24 a copy of the State Department's reply to the letter of March 5 from the Chairman of the Joint Congressional Committee on Atomic Energy in which Representative Cole asked for a report on the status of United States negotiations with Canada on the establishment of an early warning line for continental defence. Raynor also gave us a copy of Cole's letter, excerpts from which were included in our telegram WA-414 of March 11.† Copies of the two letters are attached.[19] You will note that the State Department letter is classified "secret".

2. The State Department reply is, we believe, much better than the draft reply which was shown to us earlier, the text of which was included in our telegram WA-413 of March 11. Most of the suggestions which we made have been taken into account. The technical difficulties which stand in the way of the establishment of an early warning line have been stressed. The unfortunate phrasing of the first draft which gave the impression that problems of principle existed between the United States and Canadian Governments has been excised. The Canadian Government's co-operation in joint continental defence efforts is labelled "prompt and effective". (Cole's letter gave the impression that what was probably needed was some arm twisting by the United States to speed up Canadian co-operation.) The reply puts the proposed more distant early warning line in proper perspective, emphasizing the experimental nature of the project and indicating clearly that further negotiations with Canada will be necessary if a United States decision is taken to establish the line. We had suggested that some more detailed attention might be given in the reply to the radar installations in Canada which have already been completed under previous agreements. The State Department, however, was content to cover this in a single sentence. Mr. Pearson's suggestion that it might be wise to make no mention in the reply of the possibility of the issuance of an agreed public statement by

[19] Voir/See *FRUS, 1952-1954*, Volume VI, Document 985, pp. 2118-2120.

the two Governments on continental defence was accepted by the State Department. Finally and possibly of most importance there is no suggestion in the letter that it was drafted with the assistance of the Canadian Government. In no sense could we be held responsible for any of the views set out in the reply.

3. There is still some question in our minds as to whether the State Department reply will satisfy Representative Cole since it remains a pretty vague answer to his inquiry. However there is not much point in anticipating difficulties before they arise and, from our experience in this instance, I believe we may feel fairly confident, that if any further substantive exchange with Representative Cole becomes necessary the State Department will give us an opportunity to comment.

G.P. DE T. GLAZEBROOK

459. DEA/50209-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-505 Ottawa, March 31, 1954

SECRET. IMMEDIATE.

Reference: Your telegram WA-440 March 15.

PUBLIC STATEMENT ON CONTINENTAL DEFENCE

The draft statement sent you previously has been revised and is now approved by the Minister. In view of the announcement that the United States authorities intend to release the film showing an atomic explosion, it is now felt that we should proceed with issuing a joint statement. Although the Minister felt previously that the statement was rather limited in that it covered only radar defence, he now agrees that this is the phase which should be emphasized since the release of the film is likely to give rise to enquiries about progress on radar defence in the North.

2. Since the proposal to issue a statement was discussed between General Foulkes and Admiral Radford, General Foulkes requests that Admiral DeWolf clear the statement with Admiral Radford if possible. Please make clear to the State Department and Admiral Radford that although the draft has been seen by our Minister and the Minister of National Defence it would probably require full Cabinet approval here. We would not propose to proceed further at this end until we receive comments or redraft from Washington.

3. Would you also discuss with the American authorities the timing of the release. We would prefer that it be released before the film is released to the public. Presumably the release of the statement here would take the form of a statement in Parliament.

4. For text of draft see my immediately following telegram. Ends.

460. DEA/50209-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-506 Ottawa, March 31, 1954

SECRET. IMMEDIATE.

Reference: Your telegram WA-440 March 15.

PUBLIC STATEMENT ON CONTINENTAL DEFENCE

My immediately preceding telegram.

Following is our draft text of the proposed public statement.

Text begins.

Because of the possibility of aggressive air attacks against North America, the Canadian and United States Governments after the second World War continued the cooperative arrangements for the defence of North America which had been brought into effect during the war. Since that time, there have been established in both countries fully manned radar screens for the detection of a potential enemy, and installations for interceptor aircraft and anti-aircraft weapons. At all stages, planning has been carried on between the two countries on a joint basis.

2. For some time now, the Canadian and United States Governments have been appraising the air defence system to define the steps required to strengthen our defences in the light of recent advances in the destructive capabilities of atomic weapons against targets in our two countries.

3. For the past four years, work has been going on at high priority on the construction of a large and costly radar chain which is required not only to detect enemy bombers but also to control fighter aircraft engaged in the task of interception. This radar chain is known as the Pinetree Chain.

4. Long before the Pinetree project was approaching completion, the military planners of the two countries were engaged in an intensive study of what further steps might be desirable and practicable. In October 1953, a team of military and scientific advisers representing both countries recommended that additional early warning should be provided by the establishment of a further radar system generally to the north of the settled territory in Canada. The report of this team was considered by the Chiefs of Staff of each country later that same month. At a meeting in Washington in November 1953, the Canadian representatives informed the United States authorities that the Canadian Government was prepared to proceed immediately with the necessary surveys and siting for the proposed new early warning radar system. This work is already well advanced and the reconnaissance and siting will, in the main, be completed in June 1954. Construction will commence later this year.

5. There are many difficult problems to be solved in establishing this additional early warning system in the Canadian north. The system will extend over 5,000 miles and its survey will involve the examination of a great number of possible sites. Much of the ground is inaccessible except by tractor train and helicopter. In many areas, extreme temperatures are confronted for several months of the year. Many technical problems, including the interference of the auroral belt with electronic devices, have had to be overcome. To avoid stationing large numbers of men in this difficult country, the system is being designed to operate with as few men as possible. In overcoming the various technical problems involved the United States Air Force is working closely with the Royal Canadian Air Force.

6. It is obviously just as important to have early warning of aircraft approaching target areas in North America from over the sea as from over Northern Canada. For this reason, the United States Government is working on the formidable task of extending the early warning barrier across the north-eastern and north-western seaward approaches to North America. The Alaska and Greenland radar systems are coordinated with those in Canada and the continental United States, and the development of airborne radar is well advanced.

7. In addition to these measures of common concern, both countries are working continuously to improve the air defence installations in the vicinity of the major target areas. Here too, cooperation between the United States and Canadian air defence commanders is close, and unidentified aircraft are investigated by the most immediately available interceptor force, whether Canadian or American.

8. The defence of North America is part of the defence of the North Atlantic region to which both Canada and the United States are pledged as signatories of the North Atlantic Treaty. Thus, the cooperative arrangements for the defence of this continent and for the participation of Canadian and United States forces in the defence of Europe are simply two sides of the same coin, two parts of a world-wide objective, to preserve peace and to defend freedom.

461. DEA/50209-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-576 Washington, April 3, 1954

SECRET. IMPORTANT.

Reference; Your EX-506 of March 31.

PROPOSED JOINT STATEMENT ON CONTINENTAL DEFENCE

This morning I saw Bedell Smith and he expressed his whole-hearted agreement with the proposal to issue in the immediate future a joint statement. He had not previously gone over our draft, but after glancing at it said he thought it was admi-

rable; it occurred to him that the addition of a reference to "constant" and "satisfactory" consultation on this subject "at all levels" would be useful.

2. Bedell Smith will speak to the secretary and to Radford this morning and will try to let me have clearance on Monday morning so that if you wish, the statement may be made in the House of Commons on Monday afternoon, April 5th. Knowing the usual delays which attend such matters, I would not count on an agreed text being cleared by that time. On the other hand, it is just possible that we will be ready because of Bedell Smith's own personal interest in this subject.[20]

462. DEA/50286-40

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

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

TOP SECRET [Ottawa], June 4, 1954

CONTINENTAL DEFENCE — RECOMMENDATIONS OF THE MILITARY STUDY GROUP (MSG)

The MSG has just concluded an important meeting and is submitting new recommendations to the Chiefs of Staff of the United States and Canada.

2. Annexed is the report prepared by Mr. Barton, our observer on the MSG. In order to put the new recommendations in perspective, he has in this report summarized the earlier recommendations and decisions.

3. It is apparent that many important decisions will soon be sought from Cabinet by the Chiefs of Staff. Would you consider it desirable to have the report discussed at a meeting in your office with appropriate officers of this Department?[21]

4. The Department of Northern Affairs and National Resources will be one of the Departments vitally concerned with the new recommendations. However, it would not be appropriate for the Department of External Affairs, *at this stage*, to inform Northern Affairs or any other Department of the MSG recommendations because the MSG reports to Chiefs of Staff, who in turn report to their Minister and the Government.

R.A. M[ACKAY]

[20] Pour le texte final, qui comprend plusieurs modifications mineures apportées par les Américains, voir Canada, Ministère des Affaires extérieures, *Affaires Extérieures*, volume 6, N° 4, avril 1954, pp. 133-134.
For the final text, which included several minor American amendments, see Canada, Department of External Affairs, *External Affairs*, Volume 6, No. 4, April 1954, pp. 129, 135.

[21] Il n'a été possible de trouver aucun compte rendu de cette réunion./No record of this meeting was located.

[PIÈCE JOINTE/ENCLOSURE]

Annexe

Annex

TOP SECRET [Ottawa], June 4, 1954

REPORT BY THE EXTERNAL AFFAIRS OBSERVER ON THE CANADA-UNITED STATES MILITARY STUDY GROUP

It will be recalled that when the Canadian Government, in February 1953, authorized the United States Government to carry out the Arctic radar experimental project then know as COUNTERCHANGE (later knows as CORRODE, and currently called Project 572), it stipulated that there should be established a Canada-United States Military Study Group (MSG) which was to "study those aspects of the North American Air Defence system in general, and the early warning system in particular, which are of mutual concern to the two countries".[22] The MSG is assisted by a Canada-United States Scientific Advisory Team, which is usually referred to with aptness as CUSSAT.

2. The MSG commenced its studies during the summer of 1953 and in October of that year produced an interim report recommending that there be established at the earliest practicable date an early warning line located generally along the 55th parallel between Alaska and Newfoundland.[23] The purpose of this line, which is generally referred to as the "Mid-Canada Line", is to provide tactical early warning for the deployment of active air defence forces. Both the RCAF and the USAF Air Defence Commands consider this line to be essential to the effective utilization of their main radar installations and interceptor forces.

3. After considering the MSG report of October, 1953, the Canadian Government, in November, 1953 agreed that the Mid-Canada Line should be established, that the RCAF, in consultation with the USAF, should carry out a detailed survey of the line, and that Canada should undertake the planning and construction of the line without prejudice to a later decision on the division of costs.[24]

4. Immediately thereafter an RCAF-USAF team was set up to carry out the necessary surveys and engineering studies and to make a more precise estimate of the costs. This team was to have completed its work by June 1, 1954, but it is understood that it has submitted an interim report indicating that it will not be finished until September 1954. It is also understood that the interim report indicates that contrary to expectations that the line might be built by the end of 1956, an additional year will be required. The provisional cost estimates range from $100 million to $200 million, depending upon a number of factors which have yet to be resolved. We have learned unofficially that the would-be users of the line, both Canadian and American, are very concerned at this development, and that the U.S. Government may make representations at a high level to see if anything can be done to speed the

[22] Voir/See Volume 19, Document 700.
[23] Voir/See *FRUS, 1952-1954*, Volume VI, Document 977, pp. 2105-2107.
[24] Voir/See Volume 19, Document 724.

project. (The Air Defence Commands feel that the high cost estimates indicate that the engineers are designing a system which is too "sophisticated", and that this is one of the principal causes for the undesirable time lag.)

5. In the meantime the MSG has continued its study of the general problem of early warning, and in particular the necessity for and value of a distant early warning line across the Canadian Arctic. The concept upon which both U.S. and Canadian air defence plans are based is that the settled part of the continent, and particularly the major target areas, are blanketed with the heavy radar necessary to control active interceptor forces. On the periphery of this main defence area is a tactical early warning line at a distance scientifically calculated to enable fighters to get airborne and intercept an unknown aircraft at the forward edge of the main radar zone. The Mid-Canada Line forms part of this tactical early warning system. The United States, for its part, has already started on the establishment of a ship and airborne radar line down both coasts of the United States, about 150 miles off shore.

6. The warning system described above, essential though it be for active air defence measures, is quite inadequate to meet the needs of the Strategic Air Command, the other military services, and civil defence. For this purpose, a distant early warning line to give the maximum possible notice of attack is required. The United States has already embarked on a plan to provide the seaward elements of this distant early warning line by establishing at enormous cost combined ship and airborne radar lines from Argentia to the Azores and from Kodiak to Hawaii. As an indication of the scale of this project, the number of Super-Constellation aircraft required for the Argentia-Azores line will be forty. Eleven of these will be in the air at all times. Eighty of these aircraft will be used on the Kodiak-Hawaii line.

7. From Argentia, up the Newfoundland and Labrador coasts to Frobisher, the distant early warning line is provided by the radars already built under the Pinetree Agreement. On the West coast, the Alaska Radar system will cover the Arctic approaches from Kodiak to Barter Island. It is the gap between Barter Island to Frobisher that the United States is anxious to close as quickly as possible.

8. The Military Study Group, after consideration of agreed intelligence estimates, the preliminary reports on Project 572, and studies carried out by CUSSAT, could not escape the conclusion that there was a need for the establishment of the Canadian Arctic segment of the distant early warning line, and that in view of the time which would be required to overcome the many problems involved, a start should be made at once. The Group was dissatisfied with the Frobisher-Argentia-Azores element of the line and directed CUSSAT to study the pros and cons of a line from Frobisher to Greenland and Iceland instead. It was agreed, however, that this did not affect the need to get on with the work in the Canadian Arctic.

9. The MSG, at a meeting held on June 2 and 3, 1954, therefore recommended to the Chiefs of Staff of the two countries that:

(a) The two Governments agree in principle to the need for the establishment of a distant early warning line across the most northerly practicable part of North America;

(b) mutually acceptable military characteristics be developed for such a line;

(c) appropriate system studies be initiated for the purpose of developing detailed recommendations on the specifications, types of equipment, overall system composition, cost estimates, manpower requirements and the exact location of such a line. (A guess-estimate of the cost is between $100 and $200 million.)

10. It can be expected that the United States Government will at once press for the adoption by the two governments of these recommendations. In fact the Assistant Secretary of Defense for Research and Development (Mr. Donald Quarles) is to be in Ottawa on June 11, and it is understood that he intends to discuss the matter with Dr. Solandt.

11. Assuming that the Canadian Government is prepared to approve in principle the MSG recommendation, it will be necessary to resolve a number of questions before reaching a decision as to the form of agreement with the United States. If it were decided that Canada should build the Mid-Canada Line and the United States should build the Distant Early Warning Line, then Canadian participation in the studies proposed in the MSG recommendation would be minimal. Such a policy would have the merit of being simple and no doubt would appeal to the RCAF, which is concerned about the rapid increase in the size of its continental defence commitments. It is understood that the Minister of Defence Production also favours this solution.

12. An alternative proposal which may commend itself would be to consider both lines as part of a single system, the costs of which would be shared on an agreed basis. The surveys and construction could be carried out under the supervision of a joint Canada-United States "task force" under command of a Canadian officer. Canada would be responsible for accounting and both countries would advance funds for construction in accordance with the agreed cost-sharing formula. In due course similar arrangements could be made for manning and operation of the two lines. Such a proposal has obvious political attractions and would strengthen Canadian operational control over the system. At the same time, it would ensure that the participation of the United States Government was on a scale sufficient to avoid recriminations as to the adequacy of the system in the event of penetration by an enemy force.

13. It is probable that unless the Department of External Affairs makes immediate efforts to interest the other departments concerned in the proposal outlined in paragraph 12, the end result will be that Canada will build and operate the Mid-Canada Line and the United States will build and operate the DEW line.[25]

[W.H. BARTON]

[25] Note marginale :/Marginal note:
Mr Pearson: A paper is being prepared in the Department on various alternatives and should be ready for discussion with you before the weekend of June 12th. R.A. M[acKay]

463. DEA/50286-40

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

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

TOP SECRET Ottawa, June 10, 1954

CONTINENTAL DEFENCE

I refer to my memorandum to you dated June 4, 1954, forwarding the report of the External Affairs Observer on the Canada-United States Military Study Group concerning the recommendations of the MSG that:

(a) The two Governments agree in principle to the need for the establishment of a distant early warning line across the most northerly practicable part of North America;

(b) Mutually acceptable military characteristics be developed for such a line;

(c) Appropriate system studies be initiated for the purpose of developing detailed recommendations on the specifications, types of equipment, overall system composition, cost estimates, manpower requirements and the exact location of the line.

2. You will recall that in his report the External Affairs Observer suggested two obvious alternative courses of action. The *first* was that Canada should continue to adhere to its plan to build the Mid-Canada (55th parallel) line and leave it to the United States to build the Distant Early Warning Line. The *second* was to evolve some form of joint enterprise to build both lines. Presumably it would also be possible to evolve other plans containing elements of both of these schemes. The one sure fact is that it will take some time to consider all the factors involved and to reach a decision on what the Canadian policy should be. It would seem essential therefore that pending such consideration we should maintain freedom of action to move in whatever direction is ultimately desirable.

3. There is to be a meeting of the Chiefs of Staff Committee on Monday (June 14) to discuss the MSG recommendation. If you agree I propose to take a position as follows:

(a) That in order to maintain freedom of action with respect to later decisions with respect to construction of the DEW line, Canada should participate actively in the studies recommended by the MSG.

(b) That although the RCAF may be named as the responsible Canadian agency for carrying out the studies, other Departments including Northern Affairs and National Resources, Defence Production and Transport, should participate when appropriate. Also, these Departments, and especially the first two, should *now* be informed of the MSG Report.

(c) That it would be desirable for the Chiefs of Staff to make a study of the probable development of Continental air defence requirements during the next few years in order to assist in determining the extent of Canadian commitments which might arise therefrom.

(d) That an *ad hoc* working group be set up with representatives from National Defence, Defence Production and External Affairs to consider the various ways in which Canada might participate in the development of the overall early warning system (including both the Mid-Canada line and the DEW line) and to report to the Chiefs of Staff Committee.[26]

R.A. M[ACKAY]

464. DEA/50209-40

Note du chef de la 1re Direction de liaison avec la Défense pour le sous-secrétaire d'État par intérim aux Affaires extérieures

Memorandum from Head, Defence Liaison (1) Division, to Acting Under-Secretary of State for External Affairs

TOP SECRET [Ottawa], June 21, 1954

CONTINENTAL DEFENCE

It is my understanding that the Chiefs of Staff have reached the following decisions with respect to continental defence:

(a) That a briefing on the problem of early warning will be given to the Cabinet Defence Committee by the Vice Chief of the Air Staff describing the progress made to date on the engineering studies for the mid-Canada line (Project Mongoose) and outlining the substance of the recent MSG recommendation that the two Governments should agree on the construction of a distant early warning line across the Canadian Arctic.

(b) That Chiefs of Staff will now recommend to Cabinet Defence Committee that Canada should build, pay for and operate the mid-Canada line. The cost of this line has been estimated to be about $150 million.

(c) That the MSG recommendation concerning the distant early warning line will NOT at this time be submitted by Chiefs of Staff to Cabinet Defence Committee on the ground that it is still under study by the Chiefs of Staff.

2. I am concerned that, if the above programme is followed, the freedom of the Government to reach a decision at a later date on the extent to which Canada should participate in the construction and operation of the distant early warning line will be circumscribed. All the evidence which this Division has seen indicates clearly that if Canada undertakes sole responsibility for the construction of the mid-Canada line, all the available logistic resources, engineering skills, etc., will be fully absorbed in meeting this commitment and Canadian participation in the distant early warning line could therefore be no more than nominal. It may be that this

[26] Pearson a indiqué qu'il acceptait ces recommandations par une coche placée au début de ce mémoire. Le Comité des chefs d'état-major s'est réuni le 17 juin, mais n'a pas discuté officiellement du rapport du Groupe d'études militaires avant le 28 juin 1954.
Pearson indicated his approval of these recommendations with a checkmark at the beginning of this memorandum. The Chiefs of Staff Committee meeting was held on June 17. The Chiefs of Staff Committee did not discuss the Military Study Group report formally until June 28, 1954.

is the best way of dividing the responsibilities of the two Governments, but it is suggested that the Canadian Government should consider the question in this form rather than in the way that the Chiefs of Staff are presenting it. Incidentally, this Division has been informed (off the record) by two officials who participated in the discussions of the Chiefs of Staff Committee that the only reason the MSG recommendation is not being presented to Cabinet Defence Committee at the meeting next Friday is that the Chairman, Chiefs of Staff considers that it would be bad tactics. It is suggested, however, that the tactics now being followed by the Chiefs of Staff are bad in that they may prejudice Cabinet's opportunity to view the whole picture before taking important decisions.

3. Another point which merits consideration is that we must expect that the United States will approach Canada in the near future to implement the recommendations of the Military Study Group. A reliable United States source has stated that Dr. Hannah is "carrying the ball" and will likely bring the matter up at the next PJBD meeting. (Of course, the MSG report is addressed to the Chiefs of Staff of both countries and not to the PJBD. However, if the United States Chiefs have approved the report before the PJBD meets on July 12, it would be natural for Dr. Hannah to use the PJBD forum to press the matter.) It seems to be generally agreed that Canada will eventually decide to approve the latest MSG recommendation. If that is the case, it is respectfully submitted that no good can come from procrastination in settling this point and from delay in making arrangements with the United States for the implementation of the recommendation.

BENJAMIN ROGERS

P.S. We have just learned from Colonel Graling that the MSG Recommendation is now before the U.S. Joint Chiefs of Staff, and that the U.S. Section, PJBD, will likely wish to raise the matter at the July meeting.

B. R[OGERS]

465. DEA/50210-B-40

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

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

TOP SECRET [Ottawa], June 23, 1954

100TH MEETING OF CABINET DEFENCE COMMITTEE
TO BE HELD ON FRIDAY, JUNE 25, 1954

ITEM I. CONTINENTAL DEFENCE: MID-CANADA EARLY WARNING LINE

The attached memorandum from the Minister of National Defence to the Cabinet Defence Committee, dated June 18, 1954, reports on the progress of the engineering studies which have been carried out on the mid-Canada early warning line and gives an estimate of the cost — $120 million from Hopedale, Labrador to the

Alberta-British Columbia border and an additional $20 million across British Columbia.

2. The memorandum points out that when the subject was last considered by Cabinet Defence Committee on November 3, 1953, it was agreed that Canada should undertake the planning and construction of the line without prejudice to a later division of costs between Canada and the United States. The memorandum concludes with a statement of the advantages which would accrue if Canada undertook sole responsibility for building, paying for and operating the line.

3. The memorandum makes no mention of the recommendation by the Canada-United States Military Study Group, which was submitted on June 3, 1954 to the Chiefs of Staff of the two countries, proposing that the two Governments agree in principle to the need for the establishment of a distant early warning line across the most northerly practicable part of North America, and recommending the initiation of the necessary systems studies prior to the construction of such a line. A copy of this MSG recommendation is annexed.

4. There are two aspects of the general early warning problem about which this Department has been concerned at the official level. These are as follows:

(a) If a definite decision were now reached by the Canadian Government that Canada should undertake sole responsibility for building of, meeting the cost of, and operating the mid-Canada line, this decision might circumscribe the freedom of the Government to reach a decision at a later date on the extent to which Canada should participate in the construction and operation of the distant early warning line.

(b) The Chiefs of Staff have not yet completed their examination of the MSG recommendation on the distant early warning line and, therefore do not propose to submit it for consideration of Cabinet Defence Committee at this meeting. We anticipate that the United States Joint Chiefs of Staff will, for their part, be approving the recommendation almost immediately, and that it may be raised at the PJBD meeting in July. It seemed desirable to us, if at all possible, that a Canadian decision should be reached and the PJBD given instructions as to the position they should take if the U.S. Section raised the question at the July meeting of the Board.

5. Because of our concern with respect to these matters, a meeting was arranged today by the Chairman, Chiefs of Staff, which was attended by the Secretary to the Cabinet, the Secretary to the Treasury Board, the Deputy Minister of National Defence, the Assistant Deputy Minister of Northern Affairs, the Vice Chief of the Air Staff and myself. In the course of the discussion, General Foulkes and Mr. Drury made it clear that, in their judgment, if the mid-Canada line was to be constructed expeditiously and in accordance with Canadian ideas as to what was required, then it was necessary that Canada should undertake to build, pay for and operate it. However, General Foulkes went on to state that the Chiefs of Staff clearly recognized that when the time came to build the northern line, it would have to be done as a joint project with active Canadian participation and that the Chiefs of Staff would make their proposals at that time in the light of this situation. It seems to me, therefore, that there is no point in pressing our doubts any further, and that it would be sufficient if the Minutes of Cabinet Defence Committee con-

tained a statement of the views of the Department of External Affairs regarding the importance of active participation by Canada in the construction of the northern line when the time comes to commence work on that project.

6. In discussing the MSG recommendation regarding the northern line, there was general agreement that in due course it would probably have to be concurred in. However, the Chairman, Chiefs of Staff, felt that, before doing so, it should be further studied by the Chiefs and possibly some discussions held with the United States Chiefs of Staff. It was, therefore, agreed that, if the matter came up in the PJBD meeting, the Canadian Section should merely state that the MSG report was under study by the Canadian Chiefs of Staff who would communicate with the United States Chiefs of Staff in due course.

R.A. M[ACKAY]

[PIÈCE JOINTE/ENCLOSURE]

Note du ministre de la Défense nationale pour le Comité du Cabinet sur la défense

Memorandum from Minister of National Defence to Cabinet Defence Committee

SECRET [Ottawa], June 18, 1954

CONTINENTAL DEFENCE — MID-CANADA WARNING LINE

1. At its 96th Meeting, Cabinet Defence Committee considered the recommendations of the Canadian Chiefs of Staff that an aircraft warning line be established in northern Canada. The Committee decided that the line should be established in the vicinity of the 55th parallel of latitude and further, that Canada should undertake the planning and construction of the line without prejudice to a later decision on the division of costs between Canada and the United States. This decision was advised to the United States and was concurred in by the United States Chiefs of Staff. As a result of this decision, the two Air Forces were instructed to undertake a study to develop the military characteristics, specifications for types of equipment to be used, costs estimates and manpower requirements for this line and report not later than 1 June, 1954.

2. While this study has not been completed in all details, enough work has been done to determine the order of cost, the manpower requirements and the timing for the construction of this line. The detailed planning is continuing but enough information is now available to enable the Canadian Government to consider the cost-sharing aspect of this project.

3. *Cost*: The portion of the line that has been costed runs from Hopedale on the Labrador Coast, to the Rocky Mountains West of Edmonton. There are still uncertainties as to the location of the line in British Columbia to the Pacific Coast and this matter is being studied further both by the Military Study Group and the Systems Engineering Group. The cost estimate on the line from Hopedale to British Columbia is submitted as being of the order of $120 million dollars. This has been broken down into expenditures by fiscal year as indicated below:

1954-55	$ 5,000,000
1955-56	40,000,000
1956-57	50,000,000
1957-58	25,000,000
Total	$ 120,000,000

The cost of the B.C. Section might be of the order of $20,000,000.00.

4. *Manpower*: The manpower requirements are estimated to be of the order of 600 men on the line itself with a further increment of three to six hundred necessary for support behind the line.

5. *Timing*: Assuming that authority is given now for the construction of the line, it should be possible to build and install an advanced test section of the line in the Flin Flon area during the summer of 1955. Based on the experience of this test section electronic equipments could be contracted for, and allowing approximately 20 months for delivery, be available about January, 1957. During the summer of 1955-56, construction materials would be delivered to the sites so that construction work could be commenced in the spring of 1956. Most of the construction would be completed during the summer of 1956, leaving electronic installation and testing to be done during 1957. Allowing for normal delays, especially during the testing period when it would be necessary to man all stations for a shake-down period, the line could be in operation by the end of 1957.

6. It is considered that there are many advantages to undertaking this project as a Canadian undertaking:

(a) There will only be one authority to make decisions;

(b) There will be a better opportunity to minimize delays.

(c) There will be a better possibility of controlling costs.

(d) There will be a better chance of avoiding any suggestion that Canada take part in the provision of the sea wings.

BROOKE CLAXTON

466. PCO

Extrait du procès-verbal de la réunion du Comité du Cabinet sur la défense

Extract from Minutes of Meeting of Cabinet Defence Committee

TOP SECRET [Ottawa], June 25, 1954

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I. CONTINENTAL DEFENCE — MID-CANADA WARNING LINE

1. *The Minister of National Defence* said that at its 96th meeting the Cabinet Defence Committee had authorized the planning and construction by Canada of an aircraft early warning line in the vicinity of the 55th parallel without prejudice to a later decision on the division of costs between Canada and the United States. The decision had been communicated to the United States and concurred in by the U.S.

Chiefs of Staff. As a result, the R.C.A.F. and the U.S.A.F. had been instructed to undertake a study to develop the military characteristics, specifications for types of equipment to be used, cost estimates and manpower requirements for this line, and to report not later than June 1, 1954. The study had not yet been completed in all details and planning was continuing, but enough work had been done to determine the general order of cost, manpower requirements and timing for construction of the line. The cost of that portion running from Hopedale on the Labrador Coast to the mountains west of Edmonton would be of the order of $120 million. Broken down by fiscal years the expenditure might amount to: 1954-55, $5 million; 1955-56, $40 million; 1956-57, $50 million; 1957-58, $25 million. There were uncertainties as to the location of the remainder of the system in British Columbia to the Pacific Coast, but its cost might be about $20 million. Manpower requirements were estimated to be 600 men on the line with a further 300 - 600 necessary for support. If authority were given now for the building, excluding the part in British Columbia, the line could be in operation by the end of 1957. Its construction as a Canadian project would mean that there would be only one authority making decisions, there would be fewer delays, a better possibility of controlling costs and a better chance of avoiding suggestions that Canada should take part in the provision of sea wings for the possible North American overall warning system which was now being given serious consideration in the United States.

An explanatory memorandum had been circulated.

(Memorandum, Minister of National Defence, June 18, 1954 — Document D9-54).

2. *The Acting Chief of the Air Staff* briefed the Committee on the existing warning system and on probable future requirements. He indicated where the radars of the "Pinetree" line were situated, where the warning devices in Greenland were located, and where the proposed mid-continent line would be. The line at present under consideration would consist mainly of equipment of the McGill Fence type, supplemented by scanning radars. It would provide high and low cover; that is, as low as 300 feet and up to 60,000 feet. It would detect inbound and outbound aircraft but could not identify them. Through further developments in the future, it might be possible to improve the type of equipment contemplated to help meet the identification difficulties. The approximate distance between the mid-Canada line and the "Pinetree" line ran from 300 to 400 miles. The primary purpose of the mid-Canada line was to provide a warning to enable fighters to get into the air in sufficient time to meet attacking bombers. It was assumed that the primary targets of Soviet bombers would be the U.S. Strategic Air Command bases. The existence of a line along the 55th parallel would therefore provide an additional hour's warning for take off and dispersal of this Command's aircraft.

It would be recalled that as a result of reports emanating from the Lincoln Laboratories, Canada had also been asked to agree to the establishment of a test line further north straddling the Alaska-Yukon boundary. Canada had signified its agreement to this request and the experiment, known as Operation "Corrode", was taking place. As part of the operation, a joint Canada-U.S. reconnaissance had been

made of a possible distant early warning system stretching generally along the line Aklavik-Cambridge Bay-Frobisher Bay.

With the new developments in Russian long-range aircraft, the U.S. authorities were becoming increasingly anxious to have a full continental warning system in operation as soon as possible. Part of the system would include a distant early warning line, and it appeared likely that the United States would soon press for its establishment on the northern coast of the continent. The line by itself would, however, be of little value because attacking aircraft could fly around the ends, mainly towards targets on the U.S. seaboards. The U.S. Chiefs of Staff had therefore agreed in principle to the establishment of sea wings, stretching from Kodiak Island to Hawaii in the Pacific, and from Cape Race to the Azores in the Atlantic. There would, however, still be a gap south of Greenland and the matter was being studied further to see whether or not it would be advisable to have a line running from Cape Race to Bluie West in Greenland. The most desirable wing in the Atlantic would run from a suitable location on the East Coast to the United Kingdom via Greenland and Iceland. The present estimate of cost for the sea wings as contemplated was of the order of $5 to $6 billion. The Canadian Chiefs of Staff considered it advisable to proceed first with the mid-continent line because the Aklavik-Cambridge Bay-Frobisher Bay line was too far forward, and did not work outwards from existing defences. On the other hand, the shortest distances from Soviet bases to the important targets in North America were across Canada, and for civil defence purposes and for safety of SAC aircraft and bases, sea wings were considered essential.

3. *In the course of discussion* the following points emerged:

(a) The third interim report of the Canada-U.S. Military Study Group, which had been set up to examine the general requirements for early warning, recommended that Canada and the United States agree in principle to the need for establishing a distant early warning line across the most northerly part of North America. This line had become known as the DEW line. The report had just been received and the Canadian Chiefs of Staff had not yet had an opportunity to study the recommendation fully, but they would do so soon. The U.S. Chiefs of Staff had likewise not studied the proposal, but they had indicated that they did not propose to be stampeded into building such a line without a thorough examination of its implications. It could be assumed, however, that a proposal to establish it would soon be forthcoming from the United States. Canadian service authorities had not in the past been put under great pressure by the United States to do anything which they had not been prepared to do or which they had thought inadvisable. As far as the DEW line was concerned, it could be inferred that we would be asked to participate in its establishment jointly with the United States.

(b) The northern line would be of little value without the sea wings. If these were not found to be practical, the request to construct it would not likely be made. The mid-continent line, however, stood on its own feet because it made air defence more effective, and gave an earlier warning to SAC and to civil defence authorities than "Pinetree" did.

(c) There was increasing pressure in the United States, particularly from certain Congressional quarters, to speed up the preparations for continental defence. If Canada indicated now that it would construct the line running along the 55th parallel, accusations could not be made that we were not doing our share in protecting the continent. If we held up on the mid-continent line, we might find ourselves engaged eventually in a joint operation with the United States at a greater cost and with less control than we otherwise would have had. There would also be the added delays involved in consultation over the type of equipment to be used, plans, specifications, and the like. On the other hand, if it were to be a Canadian project, the U.S. authorities should be kept fully informed of the technical details and of the construction processes, in order to ensure that the early warning line met the operational requirements of both U.S. and Canadian Air Forces.

(d) It would be desirable to put the responsibility for construction on one prime contractor. This might be done through the Trans-Canada Telephone Association, an organization of telephone companies with the Bell Telephone Company in the dominant position. Civilian engineers and technicians had already been brought in on the surveys and on the planning.

(e) It would be possible to construct the line on a crash programme basis in a much shorter time, but it was considered essential to ensure that the equipment to be used worked properly and that experience be gained before attempting to build the whole line. For this reason, it was proposed to establish in 1955 a test section in the Flin Flon area, to permit machinery and apparatus to be checked and difficulties to be ironed out. The remaining sections of the line could then be built in later seasons. If the whole project were attempted at once, serious problems might be encountered, involving higher expenditures than presently envisaged. The major elements in the cost of the project as presently planned would be those for construction and power facilities; the detecting devices themselves would be relatively inexpensive. While it appeared likely that improvements would be added over the years, these too would be relatively inexpensive, since their installation would not require additional construction or power facilities.

(f) Experience gained in Operation "Corrode" indicated that there would probably be disagreement in American quarters over the type of equipment which should be used on the DEW line. There was in fact no one technical view there on this point. However, this would be sorted out by the U.S. Air Force in due course. The views of the civilian contractor on the project were almost identical with those of the Canadian Defence Research Board in support of the McGill fence as against the scheme proposed by the Lincoln Laboratories. The latter, if accepted, would be more expensive and involve more manpower.

(g) No satisfactory system of identification of aircraft existed at the present time. In the United States, the number of passing aircraft was taken from scanning radars. If this particular number went above a certain arbitrary figure, a warning was given. The scientists were still confronted with the problem of evaluating the McGill fence as against the scanning radar. The mid-continent line involved stations of the McGill fence type about every 35 miles, with every tenth station being a reporting centre to which the signals from the unmanned equipment came in, at

which evaluations were made, and from which repair and maintenance crews went out to check the other stations.

(h) The mid-continent line was programmed over a four-year period and its financing could be carried out through a re-arrangement of priorities in the Department of National Defence, if necessary, but within the existing defence appropriations which were now contemplated for the next few years.

(i) If Canada accepted full responsibility for the construction and the cost of the mid-continent line, it might be found that all available resources were committed, with nothing left over for use on the far northern line if it were to be built. At that point, pressure from the United States might be so great that we could not resist allowing them to construct it alone. The political consequences, if this were the case, would be most undesirable.

(j) Even if Canada built the mid-continent line alone, efforts should be made to agree on division of costs and work on the DEW line as was done in the "Pinetree" operation. Present American thinking envisaged it being constructed in one season as a task force operation and, regardless of how the cost might ultimately be shared, it seemed quite likely that the United States would have to play a major part in the transportation of the necessary equipment, simply because Canada did not have enough ships or aircraft. For the same reason, the United States would have a significant role to play in the supply and maintenance of the line. Some estimates of cost had been given for the project but these appeared to be quite inaccurate and it was not possible at this stage to say what amount of money would be involved.

(k) The U.S. Chiefs of Staff had been informed that the Canadian Chiefs of Staff would let them know by the end of June whether Canada would construct the mid-continent line alone, or whether other arrangements should be made.

4. *The Committee*, after further discussion:

(a) agreed to recommend that an aircraft warning line in the vicinity of the 55th parallel of latitude from Hopedale in Labrador to the mountains on the B.C.-Alberta border be constructed by Canada at a cost estimated to be of the order of $120 million, the money to be provided from current appropriations for the Department of National Defence and the appropriations now contemplated for the next few years; it being understood that the construction of the section of the line from the B.C.-Alberta border to the Pacific Ocean would be considered at a later meeting following further studies;

(b) noted that a proposal to construct a distant early warning line running along the northern coast of the continent would likely be made in the near future and that it would be desirable that this line be built as a joint Canada-United States project;

(c) agreed that once the final decision had been taken by the Cabinet with respect to (a) above, the Permanent Joint Board on Defence should be so informed.[27]

[27] Approuvé par le Cabinet le 30 juin 1954./Approved by Cabinet, June 30, 1954.

467. DEA/50210-C-40

Le sous-secrétaire d'État par intérim aux Affaires extérieures au président du Comité des chefs d'état-major

Acting Under-Secretary of State for External Affairs to Chairman, Chiefs of Staff Committee

SECRET [Ottawa], July 9, 1954

Dear General Foulkes,

DISTANT EARLY WARNING LINE

I thought I should inform you of certain information, for what it's worth, which we have just received from Washington through PJBD channels. This information is to the effect that the Joint Chiefs of Staff and the Department of Defence in Washington have approved the recommendation made by the Military Study Group in its Third Interim Report. Following this, the matter was referred to the President who has directed that the United States authorities should press for an immediate inter-governmental agreement, in principle, to the need for the establishment of the line. We understand that it is being considered again by the Joint Chiefs of Staff today in the light of the President's directive, and that the United States Section of the PJBD will press the matter at next week's meeting.

I understand that the Canadian Section of the PJBD will be guided by the views of the Cabinet Defence Committee and the Chiefs of Staff, as described in your letter to General McNaughton of July 8, 1954.†

Yours sincerely,
R.A. MACKAY

468. DEA/50210-C-40

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

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

SECRET [Ottawa], July 17, 1954

DISTANT EARLY WARNING (DEW) — 3RD INTERIM REPORT OF MILITARY STUDY GROUP — DISCUSSION AT PERMANENT JOINT BOARD ON DEFENCE

Annexed is an advance extract from the Journal of the PJBD, which met this week on the Pacific Coast. General McNaughton will be advising General Foulkes of this discussion and proposes to report personally to you and Mr. Campney.

2. You will recall that Cabinet Defence Committee was *informed* of the 3rd Interim Report on June 30, prior to Defence Committee taking the decision that Canada will undertake the mid-Canada line as a Canadian project at Canadian

expense. Before June 30, officials of External Affairs had expressed to you (and to General Foulkes and Mr. Bryce) misgivings on two points:

(1) We would not see any advantage in the Canadian Government delaying approval of para. (a) of the MSG Report, which asked the two governments to "agree in principle to the need for the establishment of a distant early warning line across the most northerly practicable part of North America".

(2) We feared that an immediate decision by the Canadian Government to bear the whole cost of the mid-Canada line might prejudice the freedom of the Canadian Government later this summer to decide to what extent Canada would share in the DEW line.

3. Our misgivings were not shared by National Defence and Bryce, and therefore I did not advise you to press them in this form at Defence Committee.

4. Now, as we in External expected, the United States Government is pressing for immediate official approval by the Canadian Government of para. (a) of the MSG recommendation.

5. My view is that the Canadian Government should now approve recommendation (a), with the reservation that the Canadian Government is leaving entirely open for the present the degree of Canadian participation in the DEW line.[28]

R.A. M[ACKAY]

[PIÈCE JOINTE/ENCLOSURE]

Extrait du procès-verbal de la Commission permanente canado-américaine de défense

Extract from Journal of Permanent Joint Board on Defence

TOP SECRET

...

4. (SECRET) *Distant Early Warning System — Land Segment*

The Canadian Air Force Member referred to the Third Interim Report approved by the Canada/U.S. Military Study Group on June 3, 1954, which had been transmitted for approval to the U.S. Joint Chiefs of Staff and to the Canadian Chiefs of Staff. That Report recommended that:

(a) The two Governments agree in principle to the need for the establishment of a distant early warning line across the most northerly practicable part of North America;

(b) Mutually acceptable military characteristics for such a line be developed;

(c) Appropriate systems studies be initiated for the purpose of developing detailed recommendations on the specifications, types of equipment, overall system composition, cost estimates, manpower requirements and the exact location of such a line.

[28] Note marginale :/Marginal note:
I agree. L.B. P[earson]

The Canadian Air Force Member reported that the Canadian Chiefs of Staff had considered the recommendations of the Third Interim Report of the M.S.G. The Chiefs of Staff felt that, before approaching the Canadian Government for approval of the line in principle, the studies referred to in paragraphs (b) and (c) should be undertaken. They felt that the M.S.G. already had the authority to undertake these studies and that further information was desirable in order that a more concrete proposal might be placed before the highest authorities of the Canadian Government. The Canadian Air Force Member said that the Canadian Government was aware of the proposal, and although it had not considered it, no disagreement had been expressed. The Canadian Chairman said that he also considered that the most practical step which could be taken at this time regarding the DEW line would be to carry out the studies recommended by the M.S.G. These studies would have to be made in any event and he did not feel that any delays would be caused by proceeding on the M.S.G. recommendations (b) and (c).

The U.S. Chairman stated that the proposed far northern early warning line was receiving great emphasis within the U.S. Government. He presented the view of the U.S. Government that continental defence was highly important and that all measures should be taken as soon as possible to strengthen the joint defences of the two countries against air attack. The proposed DEW line had been considered at all levels within the U.S. Government; it had been approved by the President of the United States, the National Security Council, and the U.S. Joint Chiefs of Staff. It was the opinion of the U.S. Government that this matter was urgent and the U.S. Section wished to ensure that everything was being done to avoid any delays. The U.S. Chairman said that the U.S. Section felt strongly that there should be agreement in principle between the two Governments on the need for the establishment of the far north early warning line, as recommended by M.S.G. The U.S. Chairman said he felt that the details regarding construction and other matters could be taken up between the proper agencies of the two countries, but from the point of view of the U.S. authorities it was important that there should first be agreement in principle between the two Governments on the need for such a line. He read to the Board a paragraph of a letter from the U.S. Joint Chiefs of Staff which stated that:

"Subsequent to agreement in principle between the two Governments on the need for this warning line, the U.S. Air Force will be responsible for carrying out the U.S. part of the remaining recommendations in the Third Interim Report of the M.S.G."

The Canadian Chairman stated that the Canadian Government was acquainted with the proposal to construct the DEW line, and that it was equally interested with the U.S. Government in making effective the defences of this continent. He felt sure that the Canadian Government shared the anxiety of the U.S. Government that these defences should be brought as rapidly as possible to the state of readiness which was necessary. The Canadian Chairman noted that the situation had been changed by new intelligence regarding the Soviet long range Air Force and the Soviet development of the hydrogen bomb which had come about since the DEW line was first proposed. The line therefore now had become more strongly tied to the requirements of the U.S. Strategic Air Command and the Air Defence Commands of both countries for early warning. He said that the Canadian Section

would take careful note of the views of the U.S. Section and report them fully to the Canadian Chiefs of Staff and to the Defence Committee of the Cabinet.

The U.S. Chairman stated that the U.S. Joint Chiefs of Staff had approved Recommendation (a) of the M.S.G. and had specifically requested the U.S. Section to seek the cooperation of the Canadian Section in obtaining the agreement of the Canadian Government on the need for the far northern early warning line. He considered that this was a first step, which would enable the two Governments to proceed on the further steps which were necessary to implement the line. He mentioned that this project was considered of the highest priority by the U.S. Government, and that it was recognized that this would involve large expenditures. He said that approval in principle by the two Governments would assist the U.S. authorities in seeking the required appropriations which was necessarily a process requiring some time. He felt that any delays in agreement between the two countries would undoubtedly cause delays in implementation.

The Canadian Chairman stated that the Canadian Chiefs of Staff desired further information regarding what is involved in the proposed project, and in particular, an understanding of the proportions of the commitment resulting from a decision to proceed. The U.S. Chairman replied that an important factor in the situation was the decision which had been announced by the Canadian Government to assume full responsibility for the mid-Canada warning line and to proceed with this entirely at the expense of the Canadian Government. This decision was most gratifying to the United States. In the light of this heavy responsibility which had been assumed by the Canadian Government, the U.S. Chairman said that the United States was willing to carry all or any part of the burden involved in constructing and operating the far northern DEW line, depending upon the wishes of the Canadian Government as to the extent of Canadian participation.

The U.S. Air Force Member said that as the Canadian Chiefs of Staff had proposed, it was possible to commence the studies enumerated in paragraphs (b) and (c) of the M.S.G. recommendation. However, the United States Government considered that the deferment of such an agreement would have an adverse effect on the development of United States plans, organization and fiscal arrangements for the construction of the line. The fundamental decision was very important in enlisting the full support of the many agencies which in the way or another would be concerned with the project.

The Canadian Chairman said that he appreciated the force of the reasons which led the U.S. Government to the conclusion that it was desirable for the two Governments to agree in principle to the establishment of a distant early warning line, and he reiterated his undertaking to put forward to the Canadian Government the views of the U.S. Government as expressed by the Chairman of the U.S. Section. The Board noted that the R.C.A.F. and the U.S.A.F. would launch the necessary studies so that progress could be made pending consideration by the Canadian Government.

469. DEA/50031-40

Note du chef de la 1re Direction de liaison avec la Défense pour le sous-secrétaire d'État par intérim aux Affaires extérieures

Memorandum from Head, Defence Liaison (1) Division, to Acting Under-Secretary of State for External Affairs

SECRET. IMPORTANT. [Ottawa], July 23, 1954

Reference: Chiefs of Staff Committee Paper.

COMMAND OF CONTINENTAL DEFENCE FORCES

There has been, as you know, an increasing interest in the United States regarding the need for more effective arrangements for planning in peacetime, and command and control in wartime of the Armed Forces of North America. This interest has been highlighted by Representative Cole's speech on the subject and his introduction into the United States Congress of a Bill to provide for the appointment of an Assistant Secretary of Defence for Continental Defence. In order to be ready if necessary for discussions with the United States military on this matter, the Chairman, Chiefs of Staff, requested the Joint Planning Committee to prepare a study on the question of the appointment of a Commander-in-Chief for the forces of the Canada-U.S. region provided for the defence of North America.

2. In view of the importance of this subject, I thought you might wish to consider in advance of the next Chiefs of Staff Committee meeting, the JPC's paper dated July 14, 1954, which is attached.

3. The first paper prepared by the Joint Planning Staff was thoroughly inadequate. We have made substantial contributions to the paper in its final form.

4. Briefly the paper examined:

(1) the threat to North America.

(2) defence tasks.

(3) the desirability of closer co-operation in peacetime and in wartime.

(4) the branches of the service which might be more closely integrated and,

(5) the main types of command organizations which might be established.

5. The J.P.C. concluded that closer cooperation in peacetime, and, of course, in wartime, is desirable, but that it was required only in connection with the planning and control of air defence. With regard to command organization the paper discusses four possible arrangements:

(a) The appointment of a Supreme Allied Commander Canada-US (SACCUS) responsible to the Standing Group.

(b) The appointment of a CinC Canada-US (CINCCUS) responsible to the Canada-US Regional Planning Group, Chiefs of Staff Committee.

(c) The appointment of a Commander-in-Chief Air Defence Canada-US (CINCADCUS) responsible to the Canada-US Regional Planning Group, Chiefs of Staff Committee.

(d) The appointment of a CinC Air Defence (CINCADCUS) for the Canada-US region, responsible jointly to the Canadian and United States Chiefs of Staff Committees.

6. The analysis concludes that the Command Organization noted in (c) would be the most desirable from the Canadian point of view. "However, because of United States disclosure policy and the reluctance of the United States to allow NATO to become too deeply involved in North American defence, it is likely that the United States would prefer (d) to (c). (d) would offer comparable military advantages and should therefore be supported if (c) proved unacceptable to the United States."

7. The paper concludes with the recommendation "that consideration be given to having Canada take the initiative now to discuss with the United States authorities the appointment of a Commander-in-Chief Air Defence."

8. We are giving consideration to the advantages and disadvantages, from a political point of view, of the proposal that there should be a Commander-in-Chief Air Defence for the Canada-US Region, and shall try to let you have a memorandum on the subject before the next meeting of Chiefs of Staff Committee, (this will be a difficult memorandum to prepare, and it is possible that it will not be ready next week.) We are also considering the pros and cons of the proposal that the matter be discussed with the U.S. authorities now — i.e., in the near future. Obviously, the matter should not be discussed with the U.S. authorities before the political implications have been thoroughly considered. I would think that, if and when a recommendation goes up to Cabinet Defence Committee, it should set forth clearly both military and political considerations, and should be submitted jointly by the Minister of National Defence and the Secretary of State for External Affairs.[29]

BENJAMIN ROGERS

[PIÈCE JOINTE/ENCLOSURE]

Rapport du Comité mixte de planification pour le Comité des chefs d'état-major

Report by Joint Planning Committee to Chiefs of Staff Committee

SECRET (FOR CANADIAN EYES ONLY) [Ottawa], July 14, 1954

INTRODUCTION

1. A bill has recently been introduced into the US Congress for the appointment of an Assistant Secretary of Defence for Continental Defence. Even if this bill is not seriously considered, there are indications that attention will be focussed on present arrangements for planning in peacetime and command and control in wartime with respect to the armed forces of the Canada-US region provided for the defence of North America. This might result in pressure to change present arrange-

[29] Note marginale :/Marginal note:
Agreed R.A. M[acKay]

ments and might involve the question of the appointment of a Commander-in-Chief for these forces.

2. In view of the above, it is considered that a study of the Canadian position relative to possible changes in arrangements for planning, command and control of the forces allocated to the defence of the Canada-US region (*Note*: When the term "Canada-US region" is used in this paper, it refers to Canada, the United States and Alaska.) is necessary. Moreover, should war break out unexpectedly, events might force a decision on these arrangements in a very short time under great pressure. It would appear to be to Canada's advantage to have such arrangements made now when a solution more acceptable to Canada is more likely to be obtained. There are a number of political factors involved, and while they will not be discussed in detail in this paper, it will be necessary to indicate the basic political implications inherent in the various alternative courses of action.

PURPOSE

3. The purpose of this paper is to consider the military implications of certain possible proposals for changes in the arrangements for command and control of the US-Canadian military forces allocated to the defence of the Canada-US region.

DISCUSSION

The Threat

4. Agreed intelligence indicates the main threat to the Canada-United States region is from air attack, with the shortest lines of approach from Soviet Russia lying across Canadian territory. In addition, there are the threats of enemy lodgements, disruption of sea communications and possible launching of guided missiles from enemy submarines. However, for the foreseeable future, it is considered that these latter possibilities are less serious than the air threat.

Geographical Considerations

5. The Canada-United States region is a vast land mass consisting of extensive relatively uninhabited sections, and sections of high industrial and population density. The defence of the whole region is of mutual concern to the two nations. Because the region is so vast, however, attention must be concentrated on the defence of the vital areas two of which, the Montreal-Boston-Norfolk-Chicago-Duluth-Sault Ste. Marie-Ottawa area and the Vancouver-Spokane-Portland area, lie astride the border between Canada and the United States.

6. The size of the region and the dispersed location of vital areas within it, have necessitated wide geographical distribution of the defence forces, thus introducing peculiar problems with respect to planning and control of the forces.

Defence Tasks

7. In the face of the enemy threat to the Canada-US region the main tasks assigned the forces allocated to the defence of the area are:

(a) the reduction of enemy lodgements;

(b) coast defence and the protection of sea communications;

(c) defence against air attack.

8. With regard to 7(a) above, current intelligence estimates indicate that enemy lodgements in CANADA and the UNITED STATES would be small-scale operations. Each individual operation would be confined to a small area and probably would involve national forces only. With regard to 7(b) above, submarine activity and other actions involving forces assigned to protection of sea communications and coastal defence would be local in nature and could be dealt with effectively under existing arrangements. In both these instances provision is made in MCC 300/5 for mutual reinforcing if necessary. The present system of command, control and planning is not complex, and is satisfactorily discharged by those national authorities who now have responsibility for these tasks within the terms of MCC 300/5.

9. With regard to 7(c) above, the coordination of the air defence effort constitutes a major problem due to the division of control which now exists between the various commands. For example, the Montreal-Boston-Norfolk-Chicago-Duluth-Sault Ste. Marie-Ottawa area, which is considered vital to the defence of North America, is split by a winding international border along the Great Lakes and the St. Lawrence river, and the air defence forces within this area are controlled by two different commands; US Air Defence Command south of the border, and the RCAF Air Defence Command north of the border. This arrangement is subject to delays, possible disagreements, and possible misunderstandings between commands which might impose serious limitations on our ability to deal effectively with air raids.

Organizational Status of Canada-United States Region

10. Originally, five Regional Planning Groups were set up in NATO. Of these, three were absorbed into Allied Command Europe under SACEUR, one into Allied Command Atlantic under SACLANT, and the fifth, the Canada-United States Regional Planning Group still remains as a planning group, no Supreme Commander having been appointed. Under this latter organization, command arrangements for the reduction of enemy lodgements and for coastal defence and the protection of sea communications are adequate, and it is not considered that centralized control of the forces involved in these tasks is necessary or desirable. Control of air defence forces, which presents a more complex problem, is considered below.

Control of Air Defence Forces

11. The responsibility for air defence within the Canada-US region devolves upon four separate commands:

US Air Defence Command
US North East Command
Alaska Command
Canadian Air Defence Command.

None of these Commands is subordinate to any of the others, the first reporting to the Chief of Staff, United States Air Force, the second and third to the US Joint Chiefs of Staff and the last reporting to the Canadian Chiefs of Staff through the Chief of the Air Staff. However, the Commander, US Air Defence Command has the primary responsibility for the coordination of the Canadian and US Air Defence

systems. The air defence forces, fighters and AA, in the US North East Command are under the operational control of the AOC Canadian Air Defence Command when operating in Canada. Some form of centralized control of air defence is considered necessary for the following reasons:

(a) In peacetime

(i) to ensure coordinated planning, training, integration of systems, standardization of procedures, allocations of tasks and forces, etc;

(ii) to facilitate the most economical expenditure and utilization of the limited resources available for air defence;

(iii) to ensure that the overall Air Defence system is prepared to operate instantly at maximum efficiency in the event of an emergency.

(b) In wartime

(i) to permit a single authority to make immediate decision as to priority of tasks;

(ii) to permit coordinated operations and planning;

(iii) to facilitate the rapid redeployment of forces to meet any enemy threat.

12. The only apparent military disadvantage to centralized control might be a possible requirement for increases in communications facilities and personnel. However, such increases might be kept to a minimum by assigning personnel and rearranging existing communications facilities, and in any case they would be justified by the more than proportionate increase in coordination and efficiency.

Possible Command Organizations

13. There are four main command organizations which might be suggested for increasing the efficiency of the present arrangements in respect to the organization of the forces assigned to the defence of the Canada-US region:

(a) The appointment of a Supreme Allied Commander Canada-US (SACCUS) responsible to the Standing Group.

(b) The appointment of a CinC Canada-US (CINCCUS) responsible to the Canada-US Regional Planning Group, Chiefs of Staff Committee.

(c) The appointment of a Commander-in-Chief Air Defence Canada-US (CINCADCUS) responsible to the Canada-US Regional Planning Group, Chiefs of Staff Committee.

(d) The appointment of a CinC Air Defence (CINCADCUS) for the Canada-US region, responsible jointly to the Canadian and United States Chiefs of Staff Committees.

(A) *The Appointment of a Supreme Allied Commander Canada-US Region*

14. The fact that the Canada-US region is the only remaining portion of the NATO area not under the command of a Supreme Commander provides a *prima facie* case for proposals for the establishment of a NATO Supreme Allied Commander Canada-US (SACCUS). Following existing NATO procedure, should a SACCUS be appointed, the Regional Planning Group would disappear and SACCUS would be directly responsible to the Standing Group as are SACEUR and SACLANT.

15. However, in view of the adequacy of present arrangements for the command and control of the land and sea forces and air forces other than air defence forces, there is no necessity for the appointment of a Supreme Commander over all military forces allocated to the defence of the Canada-United States region; and in the absence of a clear positive reason for the appointment of a Supreme Commander, the expenditures that would be entailed in establishing a SACCUS organization could not be justified. Moreover, the appointment of a SACCUS would have certain implications which would probably be unacceptable to Canada or the United States, or both countries, as follows:

(a) A SACCUS reporting directly to the Standing Group might have to disclose information to the Standing Group which would be contrary to present US disclosure policy.

(b) If detailed plans for the defence of the Canada-US region were made available to a NATO body, this would probably lead to discussion concerning the relative priorities of North American as against European defence.

(c) A SACCUS would report direct to the Standing Group, of which Canada is not a member, on matters relating to the defence of Canada.

(B) *The Appointment of a Commander-in-Chief Canada-US*

16. A possible alternative to the appointment of a SACCUS would be the appointment of a Commander-in-Chief Canada-US (CINCCUS) for all land, sea and air forces, directly responsible to the Regional Planning Group, Chiefs of Staff Committee, rather than to the Standing Group. The appointment of a CINCCUS would have two main advantages over the appointment of a SACCUS, which are:

(a) that Canada would have co-equal authority at Chiefs of Staff level as at present;

(b) that the US disclosure policy might not be endangered, because detailed plans for the defence of North America would not necessarily be submitted to the Standing Group but rather to the Regional Planning Group, Chiefs of Staff Committee.

17. However, for the reasons stated in the first part of para 15 above, there does not seem to be adequate justification for the appointment of a CINCCUS to command all land, naval and air forces for the defence of the region. Moreover, it might be difficult to justify to the rest of NATO the appointment of a commander-in-chief who would not be a supreme allied commander.

(C) *The Appointment of a Commander-in-Chief Air Defence Canada-US, Responsible to Canada-US Regional Planning Group*

18. Although there does not seem to be adequate justification for the appointment of a Commander to command all land, naval and air forces for the defence of the Canada-US region, a case can be made for the appointment of a Commander-in-Chief Air Defence Canada-US (CINCADCUS). He could be directly responsible to the Chiefs of Staff Committee of the Canada-US Regional Planning Group for the defence of the Canada-US region, including planning and some measure of operational control of all air defence resources in the region. Such an organization would be analogous to the one which exists for the Channel-North Sea area of NATO. There are both an Allied Commander-in-Chief and an Allied Maritime-Air Com-

mander-in-Chief for that area. They are responsible to the Channel Committee, consisting of representatives of the Chiefs of Staff of the NATO countries in the area, which is in turn responsible to the Standing Group.

19. There would be four main advantages to the appointment of a CINCADCUS rather than a SACCUS or CINCCUS:

(a) Canada would have co-equal authority at Chiefs of Staff level as at present, and Canadian interests would be adequately protected.

(b) There would be less danger of conflict with the United States disclosure policy because detailed plans for the defence of North America would be considered at the Chiefs of Staff Committee level only and need not be submitted in detail to the Standing Group.

(c) It would provide satisfactory means of insuring flexibility, coordination and optimum utilization of the resources available.

(D) *The Appointment of a Commander-in-Chief Air Defence Canada-US, responsible to Canadian and United States Chiefs of Staff Committees*

20. Instead of being responsible to the Canada-US Regional Planning Group, CINCADCUS could be responsible to the Chiefs of Staff Committees of Canada and the United States co-equally. In terms of flexibility, protection of Canadian interests and efficient utilization of the resources available, this alternative would appear to have the same advantages as the appointment of a Commander-in-Chief Air Defence responsible to the Canada-US Regional Planning Group. It would, however, have the following disadvantages:

(a) it would further vitiate the NATO machinery (Canada-US Regional Planning Group) theoretically responsible for the defence of a part of the NATO area, and thus weaken such co-ordination as now exists on the higher level between the defence of North America and the defence of Europe. This may be largely academic from a military point of view in peacetime, but might be serious in time of war;

(b) in case of a conflict of views between the Canadian Chiefs of Staff Committee and the US Chiefs of Staff, there would be no higher organization which could resolve the conflict in the best interests of NATO as a whole.

21. It should be recognized, however, that from the Canadian point of view there would be a price to pay for the military advantages gained by the establishment of a Commander-in-Chief Air Defence Canada-United States:

(a) it would be difficult to deny the Commander-in-Chief the right to deploy his forces in what he considered to be the most efficient manner. Such deployment would likely be based on a system of regions running north and south rather than on the Canada-US boundary and might involve a substantial increase in the number of United States forces in Canada. This in turn might lead to the development of pressures to increase the Canadian contribution both of forces and resources to continental defence, with a probable consequent reduction in Canadian commitments to NATO in Europe and on the Atlantic;

(b) it would make it difficult, if not impossible, for the Canadian defence authorities unilaterally to set the pace for the development of the air defence system in

Canada, and this would have a significant effect on the priorities assigned by the Chiefs of Staff to the various elements of the Canadian defence programme. It should be borne in mind however that regardless of whether or not a CINCADCUS is appointed, the present trend of events will themselves make it increasingly difficult for Canada to decide unilaterally what it will do in this field.

22. From the Canadian point of view, (C) above would be the best organization. However, because of US disclosure policy and the reluctance of the US to allow NATO to become too deeply involved in North American defence, it is likely that the US would prefer (D) to (C). (D) would offer comparable military advantages and should therefore be supported if (C) proved unacceptable to the US.

23. Under (C) and (D) above, there are several possible forms of CINCADCUS organization which merit more detailed examination than is possible in this paper. However, basically, these may be divided into two main categories:

(a) The appointment of an existing commander (probably the Commanding General, US Air Defence Command) as Commander-in-Chief Air Defence Canada-US, responsible for the air defence of the Canada-US region including planning and some measure of operational control of all air defence resources in the region. This Commander-in-Chief would retain his present national responsibilities, and to discharge his duties as CinC Air Defence Canada-US would be given a small separate international staff.

(b) The appointment of a separate CinC Air Defence with an international (Canada-US) headquarters, distinct from existing headquarters. The responsibilities of this CinC would be similar to those outlined in sub-para (a) above, except that he would have no national responsibilities.

24. The arrangement set forth in para 23(a) above has two main disadvantages:

(a) The Commander-in-Chief would have both national and international responsibilities. In this connection it should be noted that if this CinC were an American, he could, in his national capacity, be compelled to disclose information to various congressional committees, the disclosure of which would not be in the best interests of Canada.

(b) There is a danger that the Commander may not be able to resolve the conflict between his national and international responsibilities without harming the interests of one country or the other.

25. The appointment of a separate Air Defence Commander with an international headquarters appears to represent the most acceptable arrangement from the military point of view, as it provides:

(a) A satisfactory means of ensuring adequate planning control and optimum utilization of the resources available.

(b) Assurance that Canadian interests will be adequately protected.

(c) Flexibility.

(d) An organization which would probably be acceptable to the US.

SUMMARY

26. In summary

(a) Pressure may be exerted by the United States to improve the arrangements for command and control of the defence forces allocated to the task of defence of the Canada-US region.

(b) The present system of planning and control of land, sea and air forces other than air defence forces, is adequate and the establishment of an international control arrangement is neither necessary nor desirable.

(c) Planning and control of air defence should be improved. The present system involves control and responsibilities which are difficult to define in actual practice because of the division of vital areas by the border and the need for rapid redeployment of defence forces in war regardless of command or national boundaries.

(d) The appointment of a separate CinC Air Defence with responsibility for planning and an appropriate measure of operational control over all air defence forces allocated to the Canada-US region is desirable.

(e) Canada should ensure that any command arrangement of the air defence forces that might be set up should be subordinate to the Canadian and US Chiefs of Staff co-equally. The best arrangements would be to make such a command organization subordinate to the Chiefs of Staff Committee of the Canada-US Regional Planning Group but if that is unacceptable to the U.S., it would also be satisfactory, from the military point of view, to make it subordinate to the Canadian and US Chiefs of Staff co-equally.

(f) If left until an emergency occurs, any arrangement made with the US with regard to the integration of the air defence forces might provide less favourable results for Canada.

RECOMMENDATION

27. It is recommended that consideration be given to having Canada take the initiative now to discuss with the U.S. authorities the appointment of a Commander-in-Chief Air Defence.

470. DEA/50210-C-40

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

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

SECRET Ottawa, August 6, 1954

CONTINENTAL DEFENCE — DISTANT EARLY WARNING LINE

Colonel N.P. Ward, U.S. Army, who has recently taken over from Colonel Graling as Military Assistant to Dr. Hannah on PJBD matters, is in Ottawa making the acquaintance of his Canadian opposite numbers and called on me this morning. In the course of the discussion he told me that the question of the distant early warning line had been considered twice by the National Security Council within the past few days and that President Eisenhower had discussed it with Dr. Hannah. The President emphasized to Dr. Hannah the importance attached by the United States

Government to obtaining the agreement in principle of the Canadian Government to the establishment of the line and asked if there was anything his office could do to facilitate the progress of this matter. Dr. Hannah and Secretary of Defence Wilson told the President that, in their judgment, no action by the President was required at this time.

2. Colonel Ward said there had been considerable pressure, both on the PJBD office and the Department of State, to submit at once to the Canadian Government a formal note requesting Canadian agreement in principle to the construction of the line. This had been resisted by Dr. Hannah and the State Department as being unwise and unnecessary.

3. Colonel Ward also made the observation that the attitude of the President with respect to the need for the distant early warning line had obviously changed significantly since last November, when he visited Ottawa. At that time, in Colonel Ward's judgment, the President was by no means convinced of the immediate necessity for the distant early warning line.

R.A. M[ACKAY]

471. DEA/50210-C-40

Le sous-ministre de la Défense nationale au secrétaire d'État aux Affaires extérieures

Deputy Minister of National Defence to Secretary of State for External Affairs

TOP SECRET Ottawa, August 9, 1954

Dear Mr. Pearson:

I am enclosing a copy of a submission to Cabinet prepared in Mr. Campney's name, recommending approval of the recommendation of the Permanent Joint Board in connection with the Distant Early Warning Line.

Mr. Campney has seen this paper and concurs in the principles.

I understand in his absence you will be prepared to put it forward at the next Cabinet meeting, in order to meet the United States' views regarding the urgency of this matter.

I would hope that if approved, a joint announcement might be arranged rather than a unilateral statement or leak by the United States.

Yours sincerely,

C.M. DRURY

[PIÈCE JOINTE/ENCLOSURE]

Note du ministre de la Défense nationale pour le Cabinet

Memorandum from Minister of National Defence to Cabinet

CABINET DOCUMENT NO. 173-54 [Ottawa], July 29, 1954

SECRET

CONTINENTAL DEFENCE: DISTANT EARLY WARNING LINE

1. The attached Appendix "A"† indicates the present and proposed radar defence coverage for Canada. Briefly the most southerly line which is commonly called "Pinetree" was approved by Cabinet in February, 1951.[30] It is a joint Canada-United States chain of which Canada is bearing one-third the cost and manning 16 of the original 33 stations. The United States proposed an additional nine temporary radar stations to fill the "gaps" in this chain, but a formal request to build these additional stations has not yet been made although the necessary surveys were authorized by the Cabinet Defence Committee in February, 1953.

2. It will be recalled that in January, 1953, the United States presented an urgent request for permission to build an experimental radar station in the Canadian Arctic near Herschel Island, designed to test the feasibility and value, or otherwise, of an early warning system of radar stations in the Arctic. The Canadian Government agreed to permit the United States Government to build this experimental station at United States expense but suggested that the two Governments should establish a Joint Study Group to study those aspects of the North American Air Defence System in general and the early warning system in particular which are of mutual concern to the two countries. The purpose of this suggestion was to ensure that the United States Government would not in future confront the Canadian Government with plans for radar construction in Canada which had not first been studied by a joint Canada-United States body.

3. Arising out of the studies of this body and the recommendations of the Chiefs of Staff, Cabinet Defence Committee agreed in November, 1953, that an early warning chain should be established along the 55th parallel of latitude and subsequently in June, 1954, Cabinet agreed that the construction of this line would be undertaken as a Canadian project at Canadian expense. This line is commonly referred to as the mid-Canada line. The seaward extensions of the early warning system, in the Atlantic to the Azores and in the Pacific to Hawaii, are being undertaken by the United States. The sea wings in the Atlantic are expected to be in operation by 1957, and those in the Pacific soon thereafter.

4. Cabinet Defence Committee at its 100th meeting held on 25 June, 1954, noted that a proposal to construct a distant early warning line running along the northern coast of the continent had been recommended by the Study Group, and if such a

[30] Voir/See Volume 19, Document 714.

project was to be undertaken, it would be desirable that this line be built as a joint Canada-United States project. The additional early warning chain is being designed to provide additional early warning for the following purposes:

(a) To allow the United States Strategical Air Force to deploy off its bases to avoid destruction;

(b) To allow for preparation for further deployment of fighters on to the path of the enemy raiders; and

(c) For civil defence.

It was mentioned that present American thinking envisaged the chain being constructed in one season as a task force operation and regardless of how the cost might ultimately be shared, it seemed quite likely that the United States would have to play a major part in the transportation of the necessary equipment, simply because Canada did not have enough ships or aircraft. For the same reason, the United States would have a significant part to paly in the supply and maintenance of the line. However the Royal Canadian Air Force will be prepared to provide a proportion of both the supervisory and operational personnel of this early warning chain.

5. On 28 June, 1954, the Chiefs of Staff had for consideration the Third Interim Report prepared by the Canada-United States Military Study Group, which recommended that:

(a) the two Governments agree in principle to the need for the establishment of a distant early warning line across the most northerly practicable part of North America;

(b) militarily acceptable characteristics of such a line be developed;

(c) systems studies be initiated for the purpose of developing detailed recommendations on the specifications, types of equipment, over-all system composition, cost estimates, manpower requirements and the exact location of the line.

6. While the Canadian Chiefs of Staff agreed to recommendations (b) and (c) above they felt it would be preferable to withhold seeking government approval in principle for the construction of the distant early warning line until further study by the Military Study Group and the Systems Engineering Group brought to light the full implications of the proposed distant early warning line.

7. However, as the President of the United States has now approved the proposal for the need of a far northern line, the United States Joint Chiefs of Staff have requested, through the Permanent Joint Board on Defence, at its last meeting held in July, 1954, extract from Journal attached as Appendix "B",[31] that Canadian Government agreement in principle be obtained on the need for the far northern early warning line. It was pointed out that approval in principle by the two Governments would assist the United States authorities in seeking the required appropriations, which was necessarily a process requiring some time. It was further stated that the United States was willing to carry all or any part of the burden involved in con-

[31] Voir la pièce jointe au document 468./See enclosure to Document 468.

structing and operating the far northern line, depending upon the wishes of the Canadian Government as to the extent of Canadian participation.

8. It is suggested that approval in principle be given to the need for a far northern early warning line without prejudice and subject to further review when the necessary studies have been completed and the details and cost of the undertaking are available.

R.O. CAMPNEY

472. DEA/50210-C-40

Le sous-ministre de la Défense nationale au secrétaire d'État aux Affaires extérieures

Deputy Minister of National Defence to Secretary of State for External Affairs

SECRET Ottawa, August 10, 1954

Dear Mr. Pearson:

DISTANT EARLY WARNING LINE

As I have suggested to Dr. MacKay, I think it would be preferable, if possible, to defer presentation of the P.J.B.D. proposals to Cabinet until Mr. Campney's return which will be at the end of this week.[32]

In the event, however, you are of the opinion that the urgency is such that it cannot wait, there is one point not mentioned in the paper which you might raise orally.

Looking at the map accompanying the submission to Cabinet (Appendix "A"),† it will be seen that the seawings run from the Azores to Alaska and there joined to the Alaskan Radar Network on the Pacific side, and in the Atlantic run from the Azores to Argentia, joining the Newfoundland Radar Network. This is, I understand, the present U.S.N. proposal, but on the Atlantic side there is the grave defect that between the eastern end of the proposed D.E.W. Line along the Arctic Coast and the western end of the Atlantic seawing, the Distant Early Warning Line and the Labrador Early Warning Line will be one and the same. The result is that while in the Pacific and in the Canadian Arctic distant early warning is provided, across the run in from the northern tip of Labrador to the two Argentia, there is in essence no early warning for Canada.

At the Service level, representations have been made to the United States of our concern regarding this gap, but the expressions of concern have, of necessity, been limited to representations by either the R.C.A.F. or the Department of National Defence. It would probably be helpful if in future discussions one could quote the concern of the Canadian Government and its view that the line from the Azores to

[32] Note marginale :/Marginal note:
Agreed L.B. P[earson]

Canada should be oriented northwards so as to provide distant early warning in the same degree as the line across the Arctic.

Even though the United States is to provide, pay for, and operate the seawings, it seems we are justified in putting forward our views regarding them in that the distant early warning system of which the stations to be located on Canadian territory are an integral part, does not make sense unless the eastern end of the land element is continued easterly over the sea towards the tip of Greenland.

It probably would not be desirable to establish as a condition precedent to our agreement to the principle, that the Atlantic seawing be reoriented, but when we inform the United States that the Canadian Government agrees with the United States Government on the need of additional early warning line that our representatives can communicate the concern of the Government regarding the present proposed location of the Atlantic seawing.

Yours sincerely,
C.M. DRURY

473. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], August 11, 1954

CONTINENTAL DEFENCE; DISTANT EARLY WARNING LINE

17. *The Secretary of State for External Affairs*, referring to discussion at the meeting of June 30th, 1954, said that a recommendation had been prepared in the Department of National Defence concerning radar defence coverage for Canada and, in particular, the distant early warning line. It would be recalled that the most southerly line, commonly known as "Pinetree", had been approved and was in operation except for one or two stations. This was a joint Canada-U.S. chain, whose cost and manning were being shared. The Cabinet had recently approved the construction, at Canadian expense, of a mid-continent line running approximately along the 55th parallel of latitude. Seaward extensions of the whole system from Alaska to Hawaii in the Pacific and from Newfoundland to the Azores in the Atlantic were being undertaken by the United States. The Canada-U.S. military study group had recommended the approval in principle of the establishment of a distant early warning line running along the northern coast of the continent. This additional chain was designed to provide sufficient warning to enable the U.S. strategical air force aircraft to be deployed off their bases to avoid destruction, to allow further preparation for the deployment of fighters and to assist civil defence purposes. Present American thinking envisaged the chain being constructed in one season as a task force operation regardless of how the cost might ultimately be shared. It seemed likely that the United States would have to play a major part in the construction of the project simply because Canada did not have enough facilities for

such a large task force operation. However, the R.C.A.F. would be prepared to provide a proportion of both the supervisory and operational personnel of this chain. The Canadian Chiefs of Staff had agreed that militarily acceptable characteristics of the line be developed and that systems studies be initiated but had not sought government approval in principle of the project until further studies brought to light the full implication of the proposal. More recently, however, the President of the United States had approved the need for the line and the U.S. Joint Chiefs of Staff, through the Permanent Joint Board on Defence had requested that Canadian government agreement in principle be obtained. According to United States authorities, the deferment of such agreement would have an adverse affect on the development of United States plans, organization and fiscal arrangements, and the fundamental decision was very important in enlisting the full support of the many agencies which in one way or another would be concerned with the project. It was further stated that the United States would be willing to carry all or any part of the burden involved in constructing and operating the line depending upon the wishes of Canada.

It was suggested that approval in principle be given to a far northern early warning line without prejudice and subject to further review when the necessary studies had been completed and the details and the cost of the undertaking were available.

An explanatory memorandum had been circulated.

(Memorandum, Minister of National Defence, July 29, 1954 — Cab. Doc. 173-54).

18. *Mr. Pearson* thought it would be preferable to defer decision on the proposal until a later meeting when Mr. Campney could be present. However, he would like to be in a position to indicate, if necessary, that the matter was being considered by the government since the United States government were pressing hard for Canada to take some action on the recommendations and there had been suggestions in U.S. quarters that we were not proceeding as rapidly as we might with respect to continental defence. Personally, there was no doubt in his mind that Canada would have to agree in principle to the proposal that a distant early warning line be established along the north shore of the mainland.

19. *In the course of discussion,* the following points emerged:

(a) If Canada did not agree to the establishment of the line or even to participating in the project to some extent, we would be faced with a proposal that the United States construct, man and operate the line wholly as an U.S. undertaking. It would be virtually impossible to withhold agreement to this suggestion. In the circumstances, while Canada might not be able to participate in the actual construction of the line, it would be desirable to have a share in its maintenance and operation;

(b) The eastern seawing, as presently envisaged, ran from Cape Race to the Azores. Between the eastern end of the Atlantic seawing there would be a gap for distant early warning purposes. It would be helpful if, in future discussions with the United States, concern over this matter be expressed and suggestions made that this particular segment be moved northward. This, of course, would remain a part of the system whose personnel and costs would be borne by the United States.

(c) There was no estimate of costs for the distant early warning line available and before a decision were taken, it would be helpful if some information about costs could be made available and also if an estimate could be provided of the Canadian personnel and other resources which might be involved.

(d) A further factor bearing on the proposal related to reports which scientists in the United States had received concerning Soviet thermonuclear developments. What information was available appeared to indicate that the effect of these weapons was greater than had been heretofore envisaged. This meant there would be greater pressure exerted to proceed rapidly with the construction of radar warning facilities.

20. *The Cabinet* deferred decision, to a later meeting on the proposal to approve in principle the need for a far northern early warning air defence line.

...

474. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], August 18, 1954

...

CONTINENTAL DEFENCE; DISTANT EARLY WARNING LINE

11. *The Minister of National Defence*, referring to discussion at the meeting of August 11th, expressed the opinion that there was no alternative but to approve, in principle, the United States proposal for early construction of a far northern early warning line subject to further review when the necessary studies had been completed and the details and cost of the undertaking were available.

12. *In the course of discussion* it was suggested that, although the government should approve the proposal in principle now, decision should be reserved as to the nature and extent of Canadian participation. Quite apart from the financial contribution the Canadian government might eventually make and the extent to which Canadian Armed Forces would participate in the operation and maintenance of this line, careful consideration should be given to the proposed locations of the various stations and to the extent to which U.S. military authorities proposed to employ local labour in the actual construction of the line.

13. *The Cabinet* agreed that the Canadian Ambassador in Washington be instructed to inform the United States government,

(a) that the Canadian government agreed, in principle, to the need for the establishment of a distant early warning line across the most northerly practicable part of North America, without prejudice, however, to the extent of Canadian participation and subject to further review when preliminary studies had been completed and the details and cost of the undertaking were available; and,

(b) that the Canadian government was seriously concerned over the fact that the proposed seaward wing of the distant early warning line on the Atlantic side of the

continent would give only little early warning of the approach of hostile aircraft from the northeast, and that the Canadian government, therefore, urged that every effort be made by the agencies responsible for planning the various segments of the distant early warning line to select an alternative route with a view to remedying this defect.

. . .

475. DEA/50210-C-40

Le président de la section canadienne de la Commission permanente canado-américaine de défense au président de la section américaine de la Commission permanente canado-américaine de défense

Chairman, Canadian Section, Permanent Joint Board on Defence, to Chairman, United States Section, Permanent Joint Board on Defence

TOP SECRET AND PERSONAL [Ottawa], August 19, 1954

Dear Dr. Hannah,

I write to you to let you know personally and confidentially that the serious difficulties which arose over the acceptance by the Government of Canada of the proposals which we made in para. 4 of the P.J.B.D. Journal covering our meetings 12-15 July, 1954, have now been resolved and that I expect that in the course of the next few days our Ambassador in Washington will be instructed to call at the State Department and formally present the text of the Canadian Government Decision which will give agreement in principle to the need for a DEW line across the most northerly practicable part of North America; such agreement being, as we agreed in our meeting, without prejudice to the extent of Canadian participation and subject to further revision when the preliminary studies have been completed and details of and costs of the undertaking are available.

Our formal communication will express our consciousness that the value to be obtained from the land segment is directly related to the effectiveness of the flanking extensions, and very especially to those on the Atlantic side as against the approach of hostile aircraft from the north-east, where, as was pointed out at the P.J.B.D. meeting, the present plans give only minimal early warning. Our note will express the hope that the various agencies responsible for planning the various segments of the DEW line will use every endeavour to remedy this defect.[33]

I feel sure that our Ambassador, in presenting this information, will stress that it is a most important policy matter on which there must be *no* release of information to press or public until there has been further discussion which would eventuate in the preparation of an agreed joint statement for release by the Governments on a specific date.

[33] La note du Canada, N° 480, a été livrée au Département d'État le 2 septembre 1954.
The Canadian note, Number 480, was delivered to the Department of State on September 2, 1954.

Naturally, I am deeply concerned, and I feel sure you are also, at the time which has been required to bring this matter to the present satisfactory point.

You will recall that I spoke to you by telephone on the afternoon of 19 July, 1954, when I advised you that immediately on my return to Ottawa I had made the rounds of the Canadian authorities especially concerned, and seen to it that they were provided with copies of para. 4 of our Journal; that I had fully explained the matter and that these explanations had been sympathetically received; and that I had been assured that it was hoped the question could be dealt with at the Cabinet meeting the following week. Unfortunately, the Minister of Defence was not able to return to Ottawa until the next week following, and by this time we were in the midst of upset which followed the unfortunate press account of your interview on 31 July, 1954, and its reference to the "mid-Canada line".[34]

I am sure you will appreciate the serious impact of the release of this information, which was the first public intimation of such a decision by the Canadian Government, and which came at the very unfortunate moment when our Ministers were in the midst of their discussions relative to the form and content of the statement being prepared by the Minister of National Defence for release to the Canadian public on the first appropriate occasion.[35]

However, I think now that despite this anticipation of a formal announcement by the Government of Canada on a matter of primary Canadian concern that the situation has been dealt with on its merits. It is, I think, when we are in trouble due to the development of some difficulty in inter-governmental cooperation that there should be the most complete passage of information between you and I, so that we can do everything within our capacity to clear matters and profit by experience, and I hope therefore you will agree that I should have written you in complete frankness.

With kindest personal regards and best wishes,

Very sincerely yours,

A.G.L. McNAUGHTON

[34] Voir/See *Montreal Gazette*, August 2, 1954.

[35] Voir Canada, Chambre des Communes, *Débats*, 1955, volume II, pp. 1496.
See Canada, House of Commons, *Debates*, 1955, Volume II, p. 1419.

476. DEA/50045-40

Note de la 1re Direction de liaison avec la Défense pour le sous-secrétaire d'État aux Affaires extérieures

Memorandum from Defence Liaison (1) Division to Under-Secretary of State for External Affairs

SECRET (CANADIAN EYES ONLY) [Ottawa], September 20, 1954

COMMAND OF CONTINENTAL DEFENCE FORCES

Introduction

The Joint Planning Committee recently submitted to the Chiefs of Staff Committee a paper entitled "Command of Continental Defence Forces" which recommended that consideration be given to having Canada take the initiative now to discuss with the United States authorities the appointment of a Commander-in-Chief, Air Defence. In taking the initiative at this stage, rather than waiting until an emergency arose, the J.P.C. considered that a command arrangement more satisfactory to Canada might be developed.

2. In arriving at this recommendation the report notes that "the present system of planning and control of land, sea and air forces other than air defence forces is adequate" and that only in the area of air defence is a more effective structure for planning and control of Continental Defences desirable. It concludes that the most satisfactory arrangement for Canada would be a Command Organization subordinate to the Chiefs of Staff Committee of the Canada-U.S. Regional Planning Group, or, if this was unacceptable to the United States, subordinate to the Canadian and United States Chiefs co-equally.

3. In the following sections this paper will attempt to describe briefly the existing air defence system, and to outline the major political implications stemming from the implementation of the J.P.C. recommendation.

The Present Air Defence System

4. For the past several years Canada and the United States, individually and jointly, have been at work constructing an elaborate and very costly network of air defences for the North American Continent. This system of defences, which will take several more years to complete, includes extensive radar lines, interceptor fighter bases, anti-aircraft and guided missile installations, extensive communication facilities, and a complex organization for civil defence.

5. This programme, which is based on the principle of "defence in depth", is designed to meet the threat of Russian attack by jet aircraft capable of delivering thermonuclear bombs to any target in North America. The development of the continental defence system to meet this threat has been greatly accelerated during the past year, not only as a result of the vastly increased power of the U.S.S.R., but also as a consequence of the belief of the United States that North America would be the primary target in another world war.

6. The principle of defence in depth requires, (1), the construction of parallel radar warning chains across possible lines of attack, (2), air defence forces, interceptor aircraft, anti-aircraft and guided missile units — to destroy the invading aircraft and, (3), an effective civil defence organization. The proposed Distant Early Warning Line in the Canadian Arctic and the extension to Hawaii in the west, and the Azores in the east, is intended to provide the first indication of attack and to alert the entire air defence and civil defence system.

7. From the time invading aircraft reach the leading edge of the mid-Canada or "tactical warning line" until the time they leave it, this chain and the Pinetree radar system will ultimately enable the Air Defence Forces to "track" the direction and speed of the attack and, therefore, to intercept and continually engage the invader with all the fighter aircraft, guided missile and anti-aircraft forces available.

8. To function with maximum effectiveness the air defence system should be fully *integrated* under a single commander, with sub-areas determined on the basis of geographical considerations and the probable direction of approach of enemy aircraft. Under present circumstances the various North American commands with an air defence role are only *coordinated* with boundaries determined on a political basis. It would not be possible to change the existing arrangements rapidly because it would require a great deal of careful planning, the establishment of communications facilities, and the training of a command staff. If, therefore, there is any intention of having the most effective command system in operation *when the emergency develops*, action to establish it must be taken now rather than later.

The Implications of an Integrated Air Defence Command

(A) *The Command of the Air Defence Forces*

9. The central and most signifiant problem is whether Canada is prepared to have the responsibility for the air defence of Canada, including the command of Canadian air defence forces, vested in a United States officer. Although Canada and the United States have agreed that both the Canadian and the United States Air Defence Commanders should have the power, *in the event of war*, to authorize the redeployment of R.C.A.F. Air Defence Forces to the United States (and the redeployment of U.S.A.F. Air Defence Forces to Canada), it is quite a different question to have all Canada's air defence forces and installations commanded continuously by an American located, in all probability, in the United States. Whether or not Canada is prepared to accept this surrender of its sovereignty in the interest of the defence of North America is the most difficult and the most important issue.

10. With this development of the air defence of North America, in which the United States will make much the larger contribution, in money and manpower, Canada will be faced with an increasingly difficult problem arising from the construction of more United States bases and, therefore, the stationing of greater numbers of United States service personnel in Canada. At present there is an agreement between Canada and the United States which specifies that any forces located in Canada will be under the operational control of a Canadian commander. It seems probable that under an integrated air defence command, the command areas, as the

J.P.C. paper notes, would run north and south across the International Boundary. A Canadian might be designated as the commander of one of these areas, but others would no doubt be headed by Americans.

11. Quite clearly it would be difficult, except within very broad general principles, to deny the commander the authority to deploy his forces in what he considers to be the most effective and efficient dispositions. It follows, therefore, that the air defence forces of either country might be deployed to meet a threat over the territory of the other country. For example, unless the joint arrangements provided otherwise, interceptors from Eastern Canada might be diverted to meet an attack aimed at the New York, Philadelphia, Pittsburg area. This, however, is probably unlikely in view of the fact that Canadian air bases are for the most part astride lines of approach from Russia to the United States.

The Proposed Integrated Air Defence Command and NATO

12. If it is agreed that the air defences of Canada and the United States should be integrated, the most important problem in connection with the structure of the command is whether or not it should be established within the framework of NATO and, as a consequence, responsible to the CUSRPC. As noted in the J.P.C. paper, the United States, as a result of its disclosure policy, might find it difficult to accept a command responsible to the Chiefs of Staff Committee of the CUS Region. On the other hand the establishment of a command outside NATO could have a very serious impact on the effectiveness of NATO in that it would deepen the split between the North American and the European members of NATO and would give grounds for the suspicion that the United States was gradually reverting to a strategy in which Europe would be left to save itself.

13. In connection with the possibility of relating an integrated command to NATO, it might be noted that at present the Canada-U.S. Region is the only NATO area which does not have a combined command. The establishment of a North American command outside the NATO framework would, therefore, sharply accentuate the weakness of the link between the North American and the European members of NATO. The propaganda advantages to the Soviet Union of this development merit careful consideration. Although this problem need not delay preliminary discussions to examine the possibility of establishing an integrated air defence command, it would seem of the greatest importance that any integrated command should be directly related to NATO.

Planning the Development of the Continental Air Defence System

14. Canada, as suggested above, would benefit directly from the integration of the continental air defence system through the more effective use of air defence forces. It might also be argued that under an integrated command it would also benefit through its participation with the United States in the planning and development of the continental air defence network. Moreover, if the procedure for integration were developed now rather than in the face of an emergency there would be more opportunity for it to be shaped in a form acceptable to Canada.

15. The United States, facing the vastly increased power of the Soviet Union, has committed itself to an extensive and costly programme to expand and strengthen

the air defences of North America. As noted earlier, the Canadian Government has so far agreed, in general, with this programme of development, and it is unlikely that it would refuse to participate jointly, or to permit the United States, by itself, to proceed with the construction of any project which the latter is convinced is required for these defences on Canadian territory.

16. It seems clear, therefore, that regardless of whether or not an integrated air defence command is established, it will have little effect on the development of the air defence system. It might, however, be argued that, if such a command is established, participation in the planning of the programme might provide a more effective method than exists at present of influencing the construction of the continental air defence system.

Conclusion

17. The U.S.S.R. has or will soon have the capability of crippling seriously the war-making capacity of North America. Since the United States is convinced that North America will be the primary target in the event of total war, it has undertaken an extensive programme to develop and strengthen the air defences of the continent. At present the command organization of the air defences of North America is not as efficient as it would be if it were integrated. If the Canadian Government is in agreement with the United States that the security of North America is seriously threatened, and that defensive arrangements should be developed to the greatest possible degree of effectiveness, it seems essential that the question of an integrated air defence command should be carefully considered without further delay, bearing in mind that at least two or three years of careful planning and preparation will be required before an efficient integrated organization can be developed.

Proposed Amendments to the J.P.C. Analysis

18. Since External Affairs participated in the preparation of the attached J.P.C. Paper, there is little we can add to the main argument. However there are one or two points which you might raise during its consideration by the Chiefs of Staff Committee.

(1) We would recommend that the conclusion be qualified by adding:

"the appointment to take effect when the two countries agree that the establishment of an integrated air defence command is desirable and necessary."

This modification would make it possible for the planners of both countries to evolve suitable measures without any implied commitment to put the plan into effect immediately.

(2) We would suggest that before the Chiefs of Staff Committee takes final action on the Paper, it should, if this has not already been done, refer it to the Air Defence Command of the R.C.A.F. in order to obtain its opinion on the analysis and the recommendations.

(3) We would suggest that, if and when a recommendation on this matter is submitted to Cabinet Defence Committee, it should include both military and political considerations, and should be submitted jointly by the Minister of National Defence and the Secretary of State for External Affairs. (Mr. MacKay agreed with

this suggestion when the J.P.C. Paper was sent to him for information on July 23, 1954).[36]

J.M. TEAKLES

477. DEA/50219-AE-40

Le président du Comité des chefs d'état-major
au président du Comité des chefs d'état-major des États-Unis

Chairman, Chiefs of Staff Committee,
to Chairman, Joint Chiefs of Staff of United States

TOP SECRET [Ottawa], September 30, 1954

Dear [Admiral Radford]:

As agreed at the meeting of consultation last Friday afternoon, I am setting out herein considerations and suggestions of the Canadian Chiefs of Staff regarding a re-appraisal of the problem of continental defence, particularly in view of the advances made by Soviet Russia in the fields of mass destruction weapons, bomber aircraft and the possible effects of fall-out of atomic and thermonuclear weapons.[37]

The Canadian Chiefs of Staff consider that we must assume that sooner or later the Russians will have accumulated sufficient information on fall-out to realize some of the potent advantages of this phenomenon. It is considered that the possible effects of fall-out may mean that the Russians will need fewer weapons and carriers to accomplish the same neutralization task of this continent than they previously estimated. Also, as the permissible error of weapon delivery has been greatly increased, it may reduce the need for highly skilled bomb aimers and for accurate blind-bombing radar equipment. Furthermore, this permissible error may simplify some of the problems of propulsion and guidance of intercontinental weapons and, if this is right, it may be possible for the Russians to significantly move ahead the timing of successful development of intercontinental weapons.

Taking into consideration all these factors mentioned above, Soviet Russia might be in a position where they may feel they have sufficient potential to render a crippling attack on the retaliatory capacity of North America and advance the date on which they may be prepared to risk a third world war. In view of this, the Canadian Chiefs of Staff consider that a re-appraisal of our position in regard to continental defence, taking into consideration the recent Soviet developments in the fields of mass destruction weapons and their carriers and the question of fall-out, is urgently required.

We consider that the problem of timing has serious implications for both Canada and the United States, but particularly for Canada, if the present arrangements for the production of our own air defence weapons are to be continued. As you are

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[36] Note marginale :/Marginal note:
21/9/54 — At meeting of Chiefs agreed paper should not go forward as yet to CDC. Meantime this Working Party to examine implications be sent to work with US ADC. R.A. M[acKay]

[37] Voir/See Document 493.

aware, in 1946 we took a decision to develop an all-weather fighter aircraft, the CF-100, for continental defence. This decision to develop an all-weather fighter in Canada was taken only after a very careful review of all the all-weather fighter aircraft being developed in the United States and the United Kingdom and it was found that none of the types under development would meet the requirements for continental defence in Canada. However, the specifications for this aircraft were written to meet the threat of the TU-4, but the predicted characteristics of the new Soviet Type 37 aircraft will render the CF-100 inadequate for this task. Last year we took a decision to produce a successor to the CF-100 and the specifications were drawn up before there was knowledge of the T-37. This new aircraft is expected to be able to deal with the T-37 type but it is not expected to be available for squadron use before 1959-60. Therefore, if Russia is able to produce sufficient T-37 aircraft to attack the North American continent before 1959-60, we will not have anything capable of dealing with this Soviet threat. Further, if intercontinental weapons are developed successfully by 1960 by the Russians, it is not considered that even this new type of aircraft could deal with this type of attack.

These implications affecting our own production of air defence weapons are mentioned to emphasize the need for more positive joint action in preparing to meet this potential new threat. In our opinion, there is no time for unilateral development and further, we have grave doubts as to whether there is sufficient scientific and technical ability available in Canada to achieve success in the more advanced fields of air defence weapons, such as air-to-air and ground-to-air guided missiles with atomic warheads, in time to meet this new threat. Because of these considerations, we are rapidly reaching the stage where the development of a suitable weapons system for the defence of the North American continent must be a joint operation between our two countries in almost every respect. Although we are well aware that there may be many difficult technical and legal obstacles to overcome to achieve such a joint development we feel, in spite of such difficulties, there is an urgent need to re-examine this problem together because if we do not succeed in obtaining the right answer in time, our survival may be in danger.

In the light of the above, and fully realizing that there may be many legal difficulties to overcome, we would like to make the following suggestions as to how this problem may be examined:

(a) Initiate a joint study to define clearly the effects of fall-out. This will have to be a scientific study, and the security difficulties imposed by your present regulations are appreciated.

(b) After the effect of fall-out has been defined clearly enough for military understanding, initiate a study on the effects of fall-out on the present plans for the defence of North America.

(c) After the effects of fall-out on present plans are clarified, pursue a re-examination of our weapons system for the defence of North America.

(d) Finally, resulting from the above, initiate a study to determine a joint approach for the implementation of a revised weapons system.

Since my return from Washington, I have been able to give this matter further study. I have recently learned that the Atomic Energy Commission have proposed a

tri-partite conference on 18 October to discuss fall-out measurements and it may be possible to use an extension of this conference to provide the necessary information on fall-out which will be required for a re-appraisal of our continental defence problem. I have been examining some of the legal obstacles and I think it might be worth mentioning that there may be a possibility of resolving the legal obstacles by means of existing agreements we have for securing restricted data directly from the Atomic Energy Commission under Section 144A of the Atomic Energy Act, and that this channel might well be used for securing any additional information in regard to fall-out which is not obtained at the meeting to be held on 18 October.

I hope you will advise me of the views of the United States Chiefs of Staff after you have had time to give this problem due consideration.

Yours sincerely,
CHARLES FOULKES

478. DEA/50309-40

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

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

LETTER NO. D-1256 [Ottawa], October 19, 1954

SECRET

COMMAND OF CONTINENTAL DEFENCE FORCES

Following Representative Sterling Cole's speech last winter in which he began his campaign for the establishment of an integrated command for North American Defence Forces, the Chairman, Chiefs of Staff asked the Joint Planning Committee to prepare a paper on this subject. The Joint Planning Committee's analysis of the problem was submitted to the 568th Meeting of the Chiefs of Staff Committee held on September 21, 1954. I am enclosing for your information a copy of the Joint Planning Committee's paper to which we contributed, and a copy of a departmental memorandum discussing the implications of the implementation of the Joint Planning Committee's recommendations.

2. I quote below from the Minutes of the Chiefs of Staff Committee meeting at which the Joint Planning Committee paper was considered:

"VI. *Command of Continental Defence Forces*

26. *The Committee* had for consideration a report by the Joint Planning Committee regarding arrangements for command and control of United States-Canada military forces allocated to the defence of Canada, United States and Alaska. It was recommended that Canada take the initiative to discuss with the United States authorities the appointment of a Commander-in-Chief, Air Defence.

27. *The Chairman, Chiefs of Staff* stated that recent informal talks with the Chairman, United States Joint Chiefs of Staff indicated that the United States authorities

were not pressing for immediate action. He considered it desirable that interim discussions should take place and a plan formulated which could readily be put before the Government for approval in case of an emergency. Among the many implications which would require full investigation was the problem of communications.

28. *The Chief of the Air Staff* considered it would be most desirable to have Canadian planning elements integrated with United States Air Force planners. He was considering the advisability of placing a portion of the planning element of Air Defence Command, St. Hubert with the United States Air Defence Command at Colorado Springs. This group would study United States procedures and participate in the planning of air defence exercises at the working level.

29. *The Committee* noted the report of the Joint Planning Committee and agreed that:

(a) Canada should not at this time take the initiative to discuss with United States authorities the appointment of a Commander-in-Chief, Air Defence;

(b) it would be desirable to have an element of Air Defence Command, St. Hubert, stationed with United States Air Force Air Defence Command at Colorado Springs; and

(c) the Chief of the Air Staff would make a further study of the problems involved, including recommendations, and make recommendations to the Chiefs of Staff in due course."

3. Since, as you will note in paragraph 29(c) above, this matter may again be considered by the Chiefs of Staff Committee, we would appreciate having any comments you might wish to make on the papers which are enclosed.

BENJAMIN ROGERS
for Under-Secretary of State
for External Affairs

479. DEA/50045-40

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

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

SECRET [Ottawa], November 6, 1954

BRIEFING ON NOVEMBER 5 BY CHAIRMAN OF CHIEFS OF STAFF ON PROPOSED RADAR CHAINS

Attached is a memorandum from DL(1) giving an account of General Foulkes' briefing to Officers of National Defence on above subject. I cannot but feel that General Foulkes gave his Officers quite an unfair impression of the discussion at

Committee of the Chiefs of Staff.[38] Despite the report of the PJBD which was forwarded to the Chiefs of Staff and despite our letter† and memorandum,† pointing out the necessity of speedy action, the chairman deliberately kept the item off Chiefs of Staff agenda. He did however make a brief reference to it but intimated no action was required by the Chiefs of Staff Committee, pending consideration of the minutes of the PJBD at the next meeting of Cabinet Defence Committee. This would certainly have had the effect of delaying action on the American request. However, other members of the Committee pushed the Chairman into getting in contact that day with Admiral Radford and getting joint agreement between the two chairmen to refer the matter at once to the Military Study Group with a view of having a report ready for the next meeting of the Cabinet Defence Committee.

I feel also that General Foulkes' comments on the question of integration of the various radar chains and their effectiveness by no means fairly reflect the discussion at Chiefs of Staff Committee. Dr. Solandt did raise the question as to whether proper integration between the DEW line and the Mongoose (or mid-Canada line), but after looking more closely at the proposals, he later expressed himself as satisfied. True, the Military authorities have as yet no answer to IBM (Intercontinental Ballistic Missile) which they predict for about 1962. But the technical people, including the RCAF seem to regard the radar chains, when "thickened up", plus replacement of the CF-100's with CF-105's and equipping of Air Defence Forces with the new self-propelled and "homing" weapons now being developed, are essential and reasonably effective for the time being.

I think General Foulkes' comments on our draft memorandum for Cabinet Defence Committee are also uncalled for. I suspect his real objection is not the contents of the memorandum but the fact that it came from External Affairs. The Chief of the Air Staff, the Vice-Chief of the Air Staff and Dr. Solandt all expressed privately favourable comments on our memorandum.

The real issue which seems to be shaping up is in simple terms whether the Government is to be guided by General Foulkes' opinion as to the urgency attached by the U.S. to the DEW line or the opinion of the U.S. Section of the PJBD who presumably spoke for the U.S. Administration.

R.A. M[ACKAY]

[38] En ce point du mémoire, MacKay a biffé la phrase suivante :/At this point in the memorandum, MacKay crossed out the following phrase:
"and that he is deliberately prejudicing early action by Cabinet Defence Committee on the U.S. request about the DEW Line.

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note du chef de la 1re Direction de liaison avec la Défense pour le sous-secrétaire d'État adjoint aux Affaires extérieures

Memorandum from Head, Defence Liaison (1) Division, to Assistant Under-Secretary of State for External Affairs

SECRET [Ottawa], November 5, 1954

Reference: Briefing by Chairman, Chiefs of Staff

THE PROPOSED RADAR CHAINS

At this morning's briefing, the Chairman, Chiefs of Staff, gave a pessimistic review of his own thinking, which, I gathered, is shared by the Chiefs of Staff, on the development of the Mid-Canada and the Distant Early Warning Lines, and, in particular, External Affairs' draft submission to Cabinet Defence Committee which would authorize the U.S. to proceed with preliminary work on the DEW line. Since it is difficult to reconstruct his remarks in a coherent commentary, I have set them out, as he gave them, in a series of assertions.

(a) General Foulkes felt certain that Cabinet Defence Committee would not approve External Affairs' submission to authorize the U.S. to proceed with the DEW line until the MSG had completed its studies regarding the location of the entire line, composition, etc. It is to settle at least some of these questions that the MSG had been called together this week. Until these answers are available it will be impossible to arrive at a realistic estimate of costs, manpower, etc., which will enable the Canadian Government to decide on the extent to which it intends to participate in the construction and operation of the line.

(b) General Foulkes and the Chiefs of Staff were not, as yet, convinced that the Pinetree, Mid-Canada and the DEW lines fit into an integrated system which will offer the most effective and most economic warning network. At present, for example, the Mid-Canada line is being designed only for detection of aircraft, while DEW line planning calls for equipment which will identify as well as detect. If, then, the DEW line is able to provide warning of numbers, direction, speed, etc., of invading aircraft which will permit the SAC and interceptor forces to get into action, why bother with the Mid-Canada line when the Pinetree Chain will give final, and probably adequate, information on the probable targets of the invading forces. One must also take into account, he continued, the fact that Canada has extremely inadequate interceptor forces. Apparently, when the Chief of the General Staff asked how many of 150 invading jet bombers the RCAF could "kill", the Chief of the Air Staff replied "Probably three". What good, therefore, is the Mid-Canada line when there is little we can do?

(c) From this pessimistic thought, General Foulkes sank into an even deeper pessimism. As a recent J.I.C. paper† concluded, he noted, there is little likelihood of war for the next two years — roughly the period required to build the Mid-Canada and the DEW lines. Shortly after this time, we will be in the era of inter-continental missiles which will probably reach altitudes higher than the 100,000-foot capability

listed as the "1965 requirement" for the DEW Line in the Report of the USAF-RCAF Military Characteristics Committee DEW Group† (which will be considered at the 570th Meeting of the Chiefs of Staff Committee, Monday, November 8, 1954). Is it not possible, therefore, that the proposed Mid-Canada and DEW lines are of questionable value?

(Although he didn't mention it this morning, I understand that General Foulkes has also made the point that, even though the plans for the DEW Line call for "the capability of being adapted to control of weapons" (recommended as a "1965 Requirement" in the Report mentioned in the foregoing paragraph), it is doubtful that the guided interceptor missiles would be capable of the speeds, altitudes, etc., necessary to destroy intercontinental ballistic missiles, even if they could be detected.)

(d) The RCAF has been working on the assumption, according to General Foulkes, that the DEW Line will be constructed, financed and manned by the U.S. This, he considers, is completely incorrect since he believes that the Canadian Government would wish to participate. Otherwise the Mid-Canada Line will be referred to as the "Canadian Line", the DEW Line will be called the "American Line", and Canadians and Americans will get the impression that the U.S. was assuming responsibility for, and control of the Canadian Arctic.

(e) General Foulkes made a vague, off-hand remark to the effect that Western Electric, as the management contractor, is in this business for profit and has, therefore, an interest in promoting it as quickly as possible.

(f) As reported earlier this week, General Foulkes confirmed that Admiral Radford, Chairman of the U.S. Joint Chiefs of Staff, was not as anxious to proceed with the far northern line as the U.S. Section P.J.B.D. had suggested at the October 1954 meeting. (Although I am not sure of this point, I got the impression from the General's remarks that Admiral Radford was also having doubts about the overall effectiveness and usefulness of the Pinetree-Mid-Canada and DEW lines.) General Foulkes concluded his comments on this aspect by stating that he was not at all clear from the P.J.B.D. conference "what the U.S. actually want".

(g) General Foulkes concluded the briefing with the urgent directive that the RCAF immediately prepare a submission to Cabinet, or Cabinet Defence Committee, concerning the extensions of the Mid-Canada line westward from the Alberta-B.C. boundary, and eastward from Hopedale in Labrador.[39]

BENJAMIN ROGERS

» Note marginale :/Marginal note:
Mr. Léger
1. Chiefs long ago approved the need for both DEW & mid-Canada.
2. External tried & failed to persuade Foulkes & Cabinet to postpone the decision that Canada pay for the mid-Canada line — precisely because we wanted the financing of both lines to be considered at one & the same time. It was Foulkes who insisted on announcing the Canadian decision to build & pay for the Mid-Canada line.
3. I don't believe Radford. Dr. Hannah said he spoke for the U.S. Government & I believe him.
M. Wershof

[PIÈCE JOINTE 2/ENCLOSURE 2]

Le sous-secrétaire d'État aux Affaires extérieures au président du Comité des chefs d'état-major

Under-Secretary of State for External Affairs to Chairman, Chiefs of Staff Committee

SECRET Ottawa, October 26, 1954

Dear General Foulkes,

DISTANT EARLY WARNING SYSTEM

As the military members of the Canadian Section of the Permanent Joint Board on Defence have no doubt informed you, at the meeting held on October 18 and 19 the U.S. Section of the Board stated that on the basis of the latest report received from the Western Electric Company, the United States now considered that the feasibility of constructing an effective Distant Early Warning System at a reasonable cost had been established and that the technical and logistic data necessary to start work on the sites during the 1955 construction season was available. The U.S. plan envisaged that construction and installation of equipment would be completed by March, 1957, and that operational testing of the line would begin by July, 1957. If this schedule were to be met it would be necessary for the two governments to reach agreement at once on the initial arrangements for the construction of the line since the management contractor would have to start immediately to place orders for heavy equipment, begin procurement of supplies and negotiate transportation contracts. In particular the air lift would have to be completed before the spring break-up next May or June and steps would have to be taken to supplement existing facilities on the Mackenzie River system and along the Arctic coast from Tuk Tuk to Cambridge Bay.

2. The Canadian Chairman said that the Canadian Section of the Board would present to the Canadian Chiefs of Staff the information furnished by the U.S. Section with respect to the estimated cost of the project, the man-power implications and other details which would affect the Canadian decision on the subject. (I understand that the RCAF Member is submitting a report to you on these matters). General McNaughton also told the U.S. Section that the Canadian Section would seek to have the Canadian Government reach a decision on the terms under which the Canadian Government might authorize the construction of that part of the system to be situated in Canada and on the question of Canadian participation in the project.

3. In order to facilitate consideration of the U.S. proposal I have had prepared the attached draft memorandum to the Cabinet Defence Committee. It is appreciated that it may be necessary to modify it, possibly substantially, to reflect the views of the Chiefs of Staff Committee and the Department of National Defence. I propose that the draft might be discussed at the next meeting of the Chiefs of Staff Committee, following which we might submit the memorandum with any agreed revisions to our Ministers for approval.

4. I am circulating copies of the draft memorandum to the Deputy Ministers of Defence Production, Northern Affairs, Transport, National Revenue, Citizenship and Immigration, and Labour. In my letters to these Departments I will emphasize that the draft has not yet been considered either by the Chiefs of Staff Committee or by the Ministers of National Defence and External Affairs.

Yours sincerely,
JULES LÉGER

[PIÈCE JOINTE 3/ENCLOSURE 3]

Projet d'une note du secrétaire d'État aux Affaires extérieures pour le Comité du Cabinet sur la défense

Draft Memorandum from Secretary of State for External Affairs to Cabinet Defence Committee

[Ottawa, November, 1954]

DISTANT EARLY WARNING SYSTEM

Introduction

Military developments during the past year have made it clear that the establishment of a comprehensive early warning system at the earliest possible date is vital for the protection against air attack of North American air bases required for launching retaliatory forces in event of attack, as well as for the protection of major centres of population and industry.

2. For this reason the Government decided, on June 30, 1954, that Canada should construct, operate, and meet the cost of the Mid-Canada early warning line. In addition, the Government, on August 18, 1954, agreed in principle to the need for the establishment of a distant early warning line across the most northerly practicable part of North America, without prejudice, however, to the extent of Canadian participation and subject to further review when preliminary studies had been completed and the details and cost of the undertaking were available.

3. The United States, for its part, initiated a project in 1953 (carried out by the Western Electric Co. and known successively as project Counterchange, Corrode and 572) to investigate ways of establishing a distant early warning line. In addition, the United States notified Canada through the Permanent Joint Board on Defence at the July 1954 meeting that it was taking steps to establish seaward extensions to the early warning system, from Kodiak to Hawaii, and from Argentia to the Azores. Subsequently, when Canada informed the United States of its agreement in principle to the need for a distant early warning line, the Canadian Government expressed concern that the seaward extension on the Atlantic side should provide as much early warning as possible and be compatible with the land-based early warning system.

United States Proposal

4. At the October, 1954, meeting of the PJBD, the U.S. Section of the Board stated that on the basis of the latest report received from the Western Electric Co., the United States now considered that the feasibility of constructing an effective distant early warning line at a reasonable cost had been established, and that the technical and logistic data necessary to start work on the sites during the 1955 construction season was available. If this were done the U.S. Government believed that it was possible for the system to be operating in 1957.

5. The Western Electric Company, which the United States proposes to appoint as management contractor, estimates that the total cost of the line, from Cape Lisburne, in North-Western Alaska, to Resolution Island in Hudson Strait, would be $200 million (see Appendix "A").† The line would consist of a combination of scanning radars and modified McGill fence equipment, and its operation is estimated to involve from 700 to 1000 men (For details of personnel requirements see Appendix "B").† The principal communication channels to the Air Defence Commands would be through radio relay stations at Hay River and Churchill.

6. The plan developed by the Western Electric Company to meet the target date of 1957 is dependent on being able to carry out all construction and major installation work during the 1955 and 1956 construction seasons, which in northern latitudes are very short. The plan envisages that construction and installation of equipment would be completed by March, 1957, and that operational testing of the line would begin by July, 1957. Four major approach routes would be used for the movement of supplies. Supplies for the section from Western Alaska to the Mackenzie delta would be brought in by ship from the Pacific Coast. Materials for the section from the mouth of the Mackenzie as far east as approximately Cambridge Bay would be brought in via the Mackenzie River. Materials for the eastern portion of the line would be supplied by ship from the Atlantic coast. In addition it would be necessary to move materials required at the beginning of the 1955 season by rail to Churchill, and from there by air to Cambridge Bay and Coral Harbour (see Appendix "C").†

7. The United States representatives emphasized that if the schedule planned by Western Electric was to be met if would be necessary to start at once to place orders for heavy equipment, begin procurement of supplies, and negotiate transportation contracts. In particular the airlift would have to be completed before the spring break-up next May or June, and steps would have to be taken to supplement existing facilities on the Mackenzie river system, and along the Arctic coast from Tuk Tuk to Cambridge Bay.

Intergovernmental Arrangements

10. The chairman of the U.S. Section of the Board said that if the time schedule contemplated by the United States was to be met, it would be necessary for the two Governments to reach early agreement on the initial arrangements for the construction of the line. The United States was prepared to accept full responsibility for the project but it would welcome Canadian participation on any basis which the Canadian Government might propose. He said the U.S. Government was aware that Canada had accepted a heavy commitment in undertaking to construct the Mid-

Canada Line and appreciated that for this reason Canadian participation in the Distant Early Warning project might necessarily be limited. He added that the U.S. Government and Western Electric, its proposed management contractor, in awarding sub-contracts for the various elements of the project, and in the procurement of supplies, would wish to take fullest advantage of all available resources both in Canada and the United States. It was intended to establish a project office in New York, and the participation of Canadian agencies in this project office would be welcomed as a means of ensuring that full use was made of Canadian resources.

Location of the DEW System

11. When the question of the compatibility of the land based early warning system with that over the Atlantic approach route was raised, the U.S. Section said that the United States Joint Chiefs of Staff had approved the Fourth Interim Report of the Canada-U.S. Military Study Group, which recommended that comprehensive studies be initiated regarding extensions to cover flanking approach routes to ensure that all segments of the distant early system were developed in a timely and compatible manner. These studies (with Canadian participation) had already been launched. However the final selection of the Atlantic seaward detection system hinged on the question of feasibility, and until the various alternatives had been fully investigated, it would not be possible to settle the matter.

12. It is understood that the combined U.S.-Canadian Location Study Team is satisfied with the general route of the DEW line from Alaska as far east as approximately Cambridge Bay, but is concerned about the section from Cambridge Bay to Resolution Island for two reasons:

(a) the southward bend in line reduces the amount of early warning;

(b) if the western end of the Atlantic seaward extension were shifted from Argentia to Greenland, then the eastern terminus of the land section should, if possible, be closer to Greenland, e.g., Padloping Island or Frobisher Bay instead of Resolution Island.

13. It is almost certain that if the eastern section of the line were to be moved further north it would run into terrain problems which would either greatly increase construction difficulties or necessitate re-routing and lengthening the line. This would of course be reflected in the cost of the project.

Factors Affecting Decision of Canadian Government

14. The first question to be decided by Canada is whether or not it is prepared to concur in the immediate initiation of the project. It would seem that there are two possible reasons for deferring authorization to begin construction:

(a) insufficient information on costs, manpower requirements, site locations, technical data, etc.;

(b) absence of any firm indication that the Atlantic seaward extension will be compatible with the land based system.

15. The adequacy and precision of the information now available as a basis for immediate initiation of the project is certainly open to question. It is doubtful however, that even a year's further study would significantly affect much of the data already at hand, and the answers to many of the problems involved can only be

found through experience. The location of the eastern part of the line is an immediate problem, but one which can be expected to be resolved within a relatively short period. If this is the case, then the United States proposal to start at once on initial construction arrangements is defensible.

16. Assuming that the United States will select the best possible feasible route for the Atlantic seaward extension, then the question of whether its compatibility with the land-based system should affect the decision to initiate construction of the Distant Early Warning line would seem to hinge on whether the early warning line is of sufficient value to justify construction even if the United States comes to the conclusion that for the present at least the western terminus of the sea line must remain at Argentia. The United States, of course, believes that it is of sufficient value and should be constructed at once.

17. If it is decided that Canada should concur in the immediate initiation of the project, the next question is whether it is to be the sole responsibility of the United States, or whether Canada should participate in one way or another. The main argument in favour of Canadian participation is political and relates to the fact that failing such participation the United States will be operating a continuous chain of radar stations and communications facilities in Canada from the Alaska-Yukon border across the Canadian Arctic and down the Atlantic Coast to Cape Race. Stemming from this situation is the question of whether, under such circumstances, the Canadian Air Defence Commander would be able properly to exercise the control function assigned to him by the agreement on the principles of command currently in effect between the military authorities of the two countries.[40]

18. It is suggested that in any case, if Canada is to participate, it should be in the operation rather than the construction of the system. Construction work will be essentially civilian in character and many of the sub-contractors will undoubtedly be Canadian. Any benefits which might accrue to Canada through accepting responsibility for part of the cost of construction would seem at best to be transitory.

19. The problem of how the system is to be manned and operated is complicated and will require study. The United States Air Force is giving some consideration to the possibility of civilian manning through a management contractor. If this were to be done the military role would presumably be limited to command and control, and the number of service personnel involved might be quite small. However there are obvious disadvantages to entrusting remote and important defence installations of this sort to civilians not subject to military discipline and possibly susceptible to labour unrest. It is considered therefore that if Canada concurs in the immediate construction of the system it should be on the understanding that the question of whether the system, or any of its parts, should be operated by military personnel or entrusted to a civilian agency should be a master for consultation between the two Governments. Likewise, the question of Canadian participation in the operation and

[40] Voir/See Joseph Jockel, *No Boundaries Upstairs: Canada, the United States, and the Origins of North American Air Defence, 1945-58*, Vancouver: University of British Columbia Press, 1987, pp. 53-59.

manning of the system should be specified as a matter for later decision by Canada after full consultation with the United States.

Recommendation

20. The Secretary of State for External Affairs, with the concurrence of the Minister of National Defence, recommends:

(a) that Canada should concur in the construction by the United States of a Distant Early Warning system in Canadian territory, subject to the customary conditions governing United States defence projects in Canada;

(b) that Canada should reserve its position with respect to Canadian participation in the operation and manning of the system, and with respect to whether the line should be operated by military or civilian personnel;

(c) that the Canadian Ambassador in Washington should be authorized to deliver to the State Department the draft Note and Annex attached as Appendix "D" to this memorandum.[41]

[L.B. PEARSON]

480. DEA/50210-C-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1932 Washington, November 10, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Our WA-1929 of November 10.†

DEW LINE: PROVISION OF ELECTRONIC EQUIPMENT

We have been asked to transmit the following message from Outerbridge Horsey to the Secretary of the Canadian Section of the PJBD. Message Begins:

1. Proposed revision of paragraph 4.[42]

[41] La note provisoire et l'annexe constituent le document 483. Le paragraphe 5, la sous-section (d) et les deux dernières phrases du paragraphe 15 (garantissant le droit de l'ARC d'utiliser les terrains d'atterrissage américains) ont été ajoutées à la dernière version de ce document.
The draft note and annex is reproduced as Document 483. Paragraph 5, sub-section (d) and the final two sentences of paragraph 15 (ensuring the right of the RCAF to use U.S. air strips) were added to the latter version of this document.

[42] Pour accélérer les négociations, on a fourni aux États-Unis une version provisoire de l'annexe au document 481. Il a été expliqué que c'était-là essentiellement les points de vue de la section canadienne de la Commission permanente canado-américaine de défense.
In order to accelerate the negotiations, the United States was provided with a draft of the attachment to Document 481, along with the explanation that these were nominally the views of the Canadian Section of the PJBD.

"Canadian contractors will be extended equal consideration with United States contractors in the awarding of contracts for electronic equipment. For such purposes purchases from Canadian contractors will be deemed exempt from the provisions of the Buy America Act 41 US code 10 (A-D). Such procurement shall be accomplished by or under the supervision of the United States Department of the Air Force in the same manner as purchases of electronic equipment for its use within the United States, taking into consideration price (including transportation costs to point of installation) quality and delivery requirements. Subject to the above both the United States and Canada recognize the desirability of allocating the procurement of any piece of electronic equipment to such source whether United States or Canadian that is currently in production for such item or a closely related item."

2. This equalizing of the conditions is felt by our air force to be absolutely necessary in view of the interest of the United States industry. I understand that it is not intended or expected that this language would change what actually happens, i.e. where the contracts are placed. Our air force officials, including the Secretary himself feel that they cannot live with an agreement which on its face gives preference to Canadian contractors and therefore we have been asked to propose this alternative language.

3. There may be a few additional changes to propose within a few days but I do not think that any of them are of such substantial importance as this one.

481. PCO

Note du secrétaire d'État aux Affaires extérieures et du ministre de la Défense nationale pour le Comité du Cabinet sur la défense

Memorandum from Secretary of State for External Affairs and Minister of National Defence to Cabinet Defence Committee

CABINET DOCUMENT D-15-54 Ottawa, November 10, 1954

SECRET

DISTANT EARLY WARNING SYSTEM

Introduction

Military developments during the past year have made it clear that the establishment of a comprehensive early warning system at the earliest possible date is vital for the protection against air attack of North American air bases required for launching retaliatory forces in event of attack, as well as for the protection of major centres of population and industry.

2. For this reason the Government decided, on June 30, 1954, that Canada should construct, operate, and meet the cost of the Mid-Canada early warning line. In addition, the Government, on August 18, 1954, agreed in principle to the need for

the establishment of a distant early warning line across the most northerly practicable part of North America, without prejudice, however, to the extent of Canadian participation and subject to further review when preliminary studies had been completed and the details and cost of the undertaking were available. At the same time the Government expressed to the United States its concern that the seaward extension on the Atlantic side should provide as much early warning as possible and be compatible with the land-based early warning system.

United States Proposal

3. At the October, 1954, meeting of the PJBD, the U.S. Section of the Board stated that on the basis of the latest report received from the Western Electric Co., which had been investigating the problem on behalf of the United States, that Government now considered that the feasibility of constructing an effective distant early warning line at a reasonable cost had been established, and that the technical and logistic data necessary to start work on the sites during the 1955 construction season was available. If this were done the U.S. Government believed that it was possible for the system to be operating in 1957.

4. The Western Electric Company, which the United States proposes to appoint as management contractor, estimates that the total cost of the line, from Cape Lisburne, in Northwestern Alaska, to Davis Strait, would be about $200 million (see Appendix "A").† The line would consist of a combination of scanning radars and modified McGill fence equipment, and its operation is estimated to involve from 700 to 1000 men (For details of personnel requirements see Appendix "B").† The principal communication channels to the Air Defence Commands would be through radio relay stations, possibly at Hay River and Churchill.

Intergovernmental Arrangements

5. The chairman of the U.S. Section of the PJBD said that if the system were to become operational in 1957, it would be necessary for the two Governments to reach early agreement on the initial arrangements for the construction of the line, since steps would have to be taken at once to place orders for heavy equipment, begin procurement of supplies, and negotiate transportation contracts. The United States was prepared to accept full responsibility for the project but it would welcome Canadian participation on any basis which the Canadian Government might propose. He said the U.S. Government was aware that Canada had accepted a heavy commitment in undertaking to construct the Mid-Canada Line and appreciated that for this reason Canadian participation in the Distant Early Warning project might necessarily be limited. He added that the U.S. Government and Western Electric, its proposed management contractor, in awarding sub-contracts for the various elements of the project, and in the procurement of supplies, would wish to take full advantage of all available resources both in Canada and the United States. It was intended to establish a project office in New York, and the participation of Canadian agencies in this project office would be welcomed as a means of ensuring that full use was made of Canadian resources.

Location of the DEW System

6. When the question of the compatibility of the land based early warning system with that over the Atlantic approach route was raised, the U.S. Section said that the United States Joint Chiefs of Staff had approved the Fourth Interim Report of the Canada-U.S. Military Study Group, which recommended that comprehensive studies be initiated regarding extensions to cover flanking approach routes to ensure that all segments of the distant early system were developed in a timely and compatible manner. These studies had already been launched. However the final selection of the Atlantic seaward detection system hinged on the question of feasibility, and until the various alternatives had been fully investigated, it would not be possible to settle the matter.

7. The combined United States-Canadian Location Study team is satisfied with the general route of the DEW line from Alaska as far east as approximately Cambridge Bay, but agreement has not yet been reached on the route from Cambridge Bay to Davis Strait. The Western Electric Company's cost estimate of approximately $200 million is based on the assumption that the line would run from Cambridge Bay to Resolution Island. A more northerly route, ending at Cape Dyer on Baffin Island more fully meets the operational requirement but undoubtedly would cost more to construct and maintain.

Conclusions of the Chiefs of Staff

8. The Chiefs of Staff, taking into account the advice of the Canada-U.S. Military Study Group, and of a committee set up to study the military characteristics of the proposed Distant Early Warning Line, have reached the following conclusions:

(a) the establishment of a Distant Early Warning System from Cape Lisburne to Cambridge Bay and thence eastward to Davis Strait is feasible;

(b) the provision of an effective Distant Early Warning System by 1957 is a requirement of great military importance;

(c) the proposed Distant Early Warning Line would augment the warning system already provided by the Pinetree radar stations and the Mid-Canada line, and would give the two hours warning required by the strategic air force and other users of early warning.

(d) from the military standpoint it would be undesirable for the RCAF to participate in the construction of the Distant Early Warning System as RCAF technical resources are now heavily committed in the attempt to complete the Mid-Canada Line by 1957;

(e) if the government decides that Canada should participate in the construction of the line, the Chiefs of Staff would wish to have the opportunity to consider the scope and character of such participation and make recommendations to the government in that regard;

(f) in the event that the government should decide not to participate in the construction of the system the Chiefs of Staff recommend that the U.S. be authorized to proceed with the project at once subject to appropriate terms and conditions;

(g) if, however, Canada is to participate in the construction of the line, then pending further consideration by the Chiefs of Staff in accordance with (e) above, and in

view of the urgent requirement to have the distant early warning line constructed by 1957, the Chiefs of Staff recommend that the U.S. be authorized to undertake certain necessary preliminary measures, e.g. stockpiling, transportation arrangements, etc.;

(h) Canada should reserve its position with respect to Canadian participation in the operation and manning of the system, and with respect to whether the line should be operated by military or civilian personnel. In the meantime the RCAF should be instructed to look into the question of possible Canadian participation and subsequently initiate a joint study of manning problems in the Military Study Group.

Recommendations

9. The Secretary of State for External Affairs and the Minister of National Defence recommend:

(a) that the Canadian Government agree to the construction of the proposed Distant Early Warning System as a joint project;

(b) that authority be granted for the conclusion of an agreement with the United States Government, granting permission to that Government to proceed with the construction of the proposed system, subject to conditions along the lines of those set forth in Appendix "C" to this memorandum;[43]

(c) that at the same time the United States Government should be informed of Canada's intention to participate in the project, the nature and extent of Canadian participation to be determined in the near future;

(d) that it should be emphasized to the United States Government that Canada reserves its position with respect to Canadian participation in the operation and manning of the system, and with respect to whether the system should be operated by military or civilian personnel;

(e) that the departments concerned be directed to give immediate consideration to, and report as soon as possible on various forms of possible Canadian participation, it being taken as a guiding principle that the form of participation should not adversely affect Canada's ability to complete the Mid-Canada Line on schedule.

[L.B. PEARSON]
[R.D. CAMPNEY]

[43] Cet appendice constitue l'annexe au document 483. Le paragraphe 5, la sous-section (d) et les deux dernières phrases du paragraphe 15 (garantissant le droit l'ARC d'utiliser les terrains d'atterrissage américains) ont été ajoutées à la dernière version de ce document.
This appendix is reproduced as the attachment to Document 483. Paragraph 5, sub-section (d) and the final two sentences of paragraph 15 (ensuring the right of the RCAF to use U.S. air strips) were added to the latter version of this document.

482. PCO

Extrait du procès-verbal de la réunion du Comité du Cabinet sur la défense

Extract from Minutes of Meeting of Cabinet Defence Committee

TOP SECRET [Ottawa], November 12, 1954

...

II. CONTINENTAL DEFENCE; DISTANT EARLY WARNING LINE

4. *The Minister of National Defence* said that on June 30th of this year the government had decided that Canada should construct, operate and meet the cost of the Mid-Canada early warning line, and on August 18th had agreed in principle to the need for the establishment of a distant early warning line across the most northerly practicable part of North America. At the October meeting of the Permanent Joint Board on Defence, the U.S. Section of the Board stated that, on the basis of the latest report received from the Western Electric Company, the U.S. Government now considered that the feasibility of constructing an effective distant early warning line had been established and that the necessary data to start work on the sites during the 1955 construction season was available. If work began in 1955, the U.S. Government believed it would be possible for the system to be operating in 1957. The Western Electric Company estimated that the total cost of the DEW line, consisting of a combination of scanning radars and modified McGill Fence equipment running from Cape Lisburne in North-western Alaska to Davis Strait, would be about $200 million, and that its operation was estimated to involve from 700—1,000 men. The Chairman of the U.S. section of the P.J.B.D. had also said that if the system was to become operational in 1957, it would be necessary for the two governments to reach early agreement on the initial arrangements for the construction of the line. The United States was prepared to accept full responsibility for the project but it would welcome Canadian participation on any basis which the Canadian government would propose. He added that the U.S. government would award to Western Electric a management contract for the project but it would wish to take full advantage of all available resources, both in Canada and the United States. Studies were under way to determine where the seaward detection portions covering flanking approach routes would be located, and to ensure that all segments of the whole distant early warning system were developed in a timely and compatible manner. It was, however, not yet possible to determine where the Atlantic wing would be situated. The U.S.-Canada Location Study Team dealing with the route of the distant early warning line was satisfied that it would stretch from Alaska to Cambridge Bay, but agreement had not yet been reached on the route from Cambridge Bay to Davis Strait. If that latter portion of the line were to follow a more northerly route ending at Cape Dyer on Baffin Island rather than on Resolution Island, Western Electric's cost estimate of $200 million was probably too low.

The Chiefs of Staff believed that the establishment of the distant early warning line from Cape Lisburne to Cambridge Bay and thence eastward to Davis Strait was feasible, that it was a requirement of great military importance, that it would

augment the warning facilities of the Mid-Canada Line and the Pinetree radar stations, and give the two hours' warning needed by the Strategic Air Force and other users. However, they concluded it would be undesirable for the R.C.A.F. to participate in its construction as R.C.A.F. technical resources were now heavily committed on the Mid-Canada line. If, however, the government decided that Canada should participate, the Chiefs of Staff would wish an opportunity to consider the scope and character of such participation and make recommendations about it. Should it be decided not to take part in construction, they recommended that the United States be authorized to proceed with the project at once subject to certain terms and conditions. On the other hand, if an affirmative decision were taken, the Chiefs felt that because of the urgent requirement for the line, the U.S. government should be authorized to take the necessary preliminary measures, e.g., stockpiling, transportation arrangements, etc. Finally, it was their view that Canada should reserve its position regarding Canadian participation in operation and manning of the line and, in the meantime, the R.C.A.F. should be instructed to examine this question.

5. *Mr. Campney* recommended, with the concurrence of the Secretary of State for External Affairs, that the government agree to the construction of the distant early warning line as a joint project, and that authority be granted for concluding an agreement with the United States for the purpose, subject to certain conditions as outlined. At the same time, the United States should be informed that Canada intended to participate in the project, but that Canada's decision regarding operation and manning would be reserved. Departments concerned should give immediate consideration to the form of Canadian participation, it being understood that this should not adversely affect Canada's ability to complete the Mid-Canada line on schedule.

An explanatory memorandum had been circulated.

(Memorandum, Secretary of State for External Affairs and Minister of National Defence, November 10, 1954, Cabinet Defence Committee Document D15-54).

6. *In the course of discussion* the following points emerged:

(a) The proposal as put up by the United States almost amounted to a crash programme. Canadian authorities did not know how authentic were the estimates of construction costs or of the personnel needed for manning the line. It seemed doubtful, too, if the United States were fully aware of the magnitude of the problems involved.

(b) The continental defence warning system, even though it involved several distinct lines, should be regarded as one whole project. It could be more easily established if one authority were made responsible for each segment, rather than having joint responsibilities for the construction of each one. Canada had undertaken to construct and operate the Mid-Canada line alone. For the same administrative reasons, construction of the far northern element of the system should be the responsibility of a single authority, in this case the United States. On the other hand, if the United States were given complete control over construction and operation of the distant early warning line, it would mean the establishment of exclusively U.S. installations right across the northern border of Canada, which was undesirable

from the point of view of the general national interest. Even though the U.S. might have the overall responsibility for construction, Canada should participate to some extent, for instance, in providing some of the transportation facilities required and a certain amount of the equipment.

(c) It would also be desirable to have some Canadian control over the far northern line in the direct interest of the Eskimo population. Contacts between the Eskimos and the white man in the past, except in certain instances, had been unfortunate. In the Western Arctic regions, Eskimos had learned to live more closely in contact with the white man and it might be that in the relatively near future some of them could be usefully employed in connection with the distant early warning line without spoiling them. In the northeastern areas, however, the Eskimo population was still quite primitive. Even if the United States were given the responsibility for constructing the whole line, it would be essential to have a Commissioner appointed, as had been the case in other joint projects in the north, to govern the question of relations between the Eskimo and the white man in the whole area and also to keep under review any questions arising in the course of the construction of the line that would be important from the point of view of civil administration and of Canadian interests generally.

(d) There was a conflict between the requirements for the continental defence of North America and the defence of Europe. The United States had made a greater contribution to the defence of Europe than Canada. For a large scale U.S. contribution to continue, it would be necessary to have the support of the U.S. public, and that required defences of North America considered adequate by the U.S. public. Canada was not willing to let the U.S. government establish defences here for the protection of the United States without any regard to Canadian sovereign interests, and we had to avoid giving the Canadian public the impression that the U.S. had vested rights in the northern half of the continent. Where joint defence installations were established it had to be made clear that the U.S. was doing its share only with the consent of the Canadian government. If the Canadian government objected to the establishment of a distant early warning line, the American public might react unfavourably with unfortunate results for European defence. In order then to meet the U.S. request for the type of continental defence they considered adequate, and to protect Canadian interests in the north, Canada had to contribute to the development of the overall warning system. This might mean that the Canadian contribution to European defence would not be so great as might otherwise have been the case, but it would also mean that if the United States were satisfied that it was properly protected, it would continue to carry a large share of the burden of defending Europe. In consideration of all these factors, it would be desirable for Canada to make some contribution to the establishment of a distant early warning line.

(e) There was little doubt that the technical equipment in the various stations in the whole warning system would be modified and would have to be replaced as time went on. However, the basic installations — buildings airstrips, etc. — would remain much the same and these were the most costly features of the various lines under consideration. As techniques for countering offensive weapons improved, the fighter defences themselves might have to be moved farther north. But even with these developments the warning lines under construction and in contemplation

would still be needed. U.S. scientists were continuing their study of the question of continental defence and early warning and it was probable, having in mind the likely use of atomic warheads on air-to-air missiles and ground-to-air missiles, that they would suggest that defences should be moved out of the less heavily inhabited areas and that the warning elements might even be extended up beyond the DEW line into the Arctic Archipelago. There was still no scientific answer to employment of inter-continental ballistic missiles.

(f) It was most important that any announcement with regard to the distant early warning line should be drafted in such a way as to indicate that it was not an isolated project but part of an overall continental system and that U.S. participation in it was governed by the same general principles that had applied to other joint defence projects undertaken in Canada in the past. At the same time, it would be useful to make some reference to the details of the Mid-Canada project and perhaps to the completion of the Pinetree chain. It should also be made clear that Canada reserved its rights in respect of control and ultimate participation in the system. It would also be desirable to point out on a confidential basis to the United States that any future joint defence projects should be proceeded with on a more orderly basis. The Chiefs of Staff, for instance, had not yet had an opportunity to consider the report submitted on the technical details of the DEW line. Nevertheless the U.S.A.F. had put this project forward for consideration through the P.J.B.D.

7. *The Committee*, after further discussion, agreed to recommend to the government:

(a) that the government agree to the construction of the proposed distant early warning line as one element of an overall continental defence warning system, the establishment of which is being undertaken as a joint Canada-United States project;

(b) that authority be granted for the conclusion of an agreement with the United States government which would enable that government to proceed with the construction of the distant early warning element of the joint system in accordance with terms and conditions along the lines submitted;

(c) that at the same time the United States government be informed of Canada's intention to participate in the project, the nature and extent of such participation to be more precisely determined in the near future;

(d) that a draft public announcement be prepared for discussion with the United States government and subsequent early release by the two governments, stating that the decision had been taken to proceed immediately with the construction of a distant early warning line as one element of an overall continental defence warning system being constructed and operated by both governments; that the United States government was to have the responsibility for the construction and equipment of this line, while the Canadian government assumed responsibility for the construction and equipment of the Mid-Canada line in the same system, and on the understanding that any construction and operation of this northern line is to be subject to the agreement of the Canadian government and in accordance with the same general principles that have governed other joint defence projects in the past, in particular the Pinetree radar network, the first main element of the air defence system, which is in operation.

483. DEA/50210-C-40

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

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

LETTER D-1369 Ottawa, November 16, 1954

SECRET

Reference: Our telegrams Nos. EX-2069† and EX-2070.†

DISTANT EARLY WARNING SYSTEM

Up until the time that the United States proposals for a Distant Early Warning System had been considered by Cabinet Defence Committee, the discussions with United States officials on the conditions which might govern the project were kept in PJBD channels since, nominally at least, they represented only the views of the Canadian Section of the Board. However, now that Cabinet Defence Committee has considered the matter, it is intended that the negotiations should from this point be conducted through diplomatic channels. It is anticipated that for the most part these negotiations will be carried on through the Canadian Embassy in Washington, although it will be appreciated that circumstances might arise which would make it desirable for us to take up specific points through the United States Embassy in Ottawa.

2. Enclosed are eight copies of the latest version of the proposed conditions. Would you please give some copies to the State Department, retaining enough copies to meet the needs of the Embassy, including the D.D.P. representative. You might explain to the State Department that, apart from section 4 which deals with the provision of electronic equipment, we do not anticipate that any of the changes from the earlier version will cause the United States officials any particular difficulty. In fact the changes made in section 3 dealing with plans should appeal to them. So far as section 4 is concerned, we propose to deal with the matter of the provision of electronic equipment separately, and will send instructions on this question to you in the course of the next few days. We will also send a draft text for the covering Note which will be required to accompany the conditions when they are finally agreed upon.

3. In the meantime, we would welcome United States comments on the conditions, other than Section 4, as set out in this latest draft.

M.H. WERSHOF
for Under-Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

Projet d'une déclaration des conditions

Draft Statement of Conditions

SECRET November 15, 1954

DRAFT CONDITIONS TO GOVERN PARTICIPATION BY THE UNITED STATES IN THE ESTABLISHMENT OF A DISTANT EARLY WARNING SYSTEM IN CANADIAN TERRITORY

(In this Statement of Conditions, unless the context otherwise requires, "Canada" means the Government of Canada, "United States" means the Government of the United States of America, and "Distant Early Warning System" means all the detection stations, communications installations (including relay stations), and ancillary facilities, making up that part of the System in Canada.)

1. *Sites.* The location of all sites, airstrips, roads, wharves, jetties, etc., required for the DEW System in Canada shall be a matter for mutual agreement by the appropriate agencies of the two Governments. Canada will acquire and retain title to all lands required for the system. Canada grants and assures to the United States, without charge, such rights of access, use and occupancy as may be required for the construction and equipment of the system.

2. *Liaison Arrangements.* It is anticipated that the United States will carry out the construction of the DEW System through a management contractor appointed by the United States. It is understood that the United States and the management contractor will establish a DEW Project Office, and that the participation of interested Canadian Government agencies in the Project Office is desired. In addition, the Canadian Government may appoint a Special Commissioner for the Project, and may assign liaison officers to the construction operations in northern Canada.

3. *Plans.* Plans of the buildings, airstrips, roads (including access roads) etc.; information concerning use of local materials (rock fill, sand, gravel, etc.), (in sufficient detail to give an adequate idea of the scope of the proposed construction), and information concerning other arrangements related to construction and major items of equipment shall be supplied to the appropriate Canadian authorities if requested. Canadian officials shall have the right of inspection during construction. Proposals for subsequent construction shall be discussed with the appropriate Canadian authorities. The DEW Project Office will be used as far as possible as the instrument for consultation pursuant to this paragraph.

4. *Provision of Electronic Equipment.* The Canadian Government reaffirms the principle that electronic equipment at installations on Canadian territory should, as far as practicable, be manufactured in Canada. The question of practicability must, in each case, be a matter for consultation between the appropriate Canadian and United States agencies to determine the application of the principle. The factors to be taken into account shall include availability at the time period required, cost and performance. For the purpose of applying these principles to the DEW line, the

DEW Project Office shall be used as far as possible as the instrument for effective consultation between the Canadian and United States agencies concerned.

5. *Construction and Procurement (Other than Electronic Equipment)*

(a) Canadian contractors will be extended equal consideration with United States contractors in the awarding of construction contracts, and Canadian and United States contractors shall have equal consideration in the procurement of materials, equipment and supplies in either Canada or the United States;

(b) Contractors awarded a contract for construction in Canada will be required to give preference to qualified Canadian labour for such construction. The rates of pay and working conditions for this labour will be set after consultation with the Canadian Federal Department of Labour and will be set in accordance with the Canadian Fair Wages and Hours of Labour Act of 1935;

(c) Canadian commercial air carriers and Canadian shipping will to the fullest extent practicable be afforded the opportunity to participate in the air and sea lifts for the project;

(d) The DEW Project office shall be used as far as possible as the instrument for effective consultation between the Canadian and United States agencies concerned.

6. *Canadian Law.* Canadian law will apply to all phases of the project in Canada, provided that, if in unusual circumstances its application may lead to unreasonable delay or difficulty in construction or operation, the United States authorities concerned may request the assistance of Canadian authorities in seeking appropriate alleviation. Particular attention is directed to the ordinances of the Northwest Territories and Yukon Territory, including those relating to the following:

(a) No game or wildlife shall be taken or molested in the Northwest Territories. Licences to hunt in Yukon Territory may be purchased from representatives of the Yukon Territorial Government.

(b) No objects of archaeological interest or historic significance in the Northwest Territories or Yukon Territory will be disturbed or removed therefrom without first obtaining the approval of the Canadian Department of Northern Affairs and National Resources.

7. *Operation and Manning*

(a) The question of Canadian participation in the initial operation and manning of the DEW System shall be a matter for later decision by Canada after full consultation with the United States. It is understood that, in any event, Canada reserves the right, on reasonable notice, to take over the operation and manning of any or all of the installations. Canada will ensure the effective operation of any installations it takes over.

(b) Subject to the foregoing, the United States is authorized to operate the DEW System in accordance with the principles of command currently in effect between the military authorities of the two countries. The United States may station military personnel at the various installations in the system under the command of United States military authorities, and also civilian employees of the United States Government. The question of whether the system, or any of its parts, should be oper-

ated by military personnel or entrusted to a civilian agency shall be a matter for consultation between the two Governments.

8. *Financing.* Unless otherwise provided by Canada, the costs of construction and operation of the DEW System shall be the responsibility of the United States, with the exception of Canadian military personnel costs if Canada should man any of the installations.

9. *Period of Operation of the System.* Canada and the United States agree that the DEW System shall be maintained in operation for a period of ten years or such shorter period as shall be agreed by both countries in the light of their mutual defence interests. Thereafter, in the event that either Government concludes that any or all of the installations are no longer required, and the other Government does not agree, the question of continuing need will be referred to the Permanent Joint Board on Defence. In considering the question of need, the Permanent Joint Board on Defence will take into account the relationship of the DEW System to other radar installations established in the mutual defence interest of the two countries. Following consideration by the Permanent Joint Board on Defence, as provided above, either Government may decide that the installations in question shall be closed, in which case the arrangements shown in paragraph 10 below regarding ownership and disposition of the installations will apply.

10. *Ownership of Removable Property.* Ownership of all removable property brought into Canada or purchased in Canada and placed on the sites, including readily demountable structures, shall remain in the United States. The United States shall have the unrestricted right of removing or disposing of all such property, PROVIDED that the removal or disposition shall not impair the operation of any installation whose discontinuance had not been determined in accordance with the provisions of paragraph 9 above, and PROVIDED further that removal or disposition takes place within a reasonable time after the date on which the operation of the installation has been discontinued.

11. *Radio Installation.* The United States military authorities shall obtain the approval of the Canadian Department of Transport, through the Royal Canadian Air Force, for the establishment and operation (including the assignment of frequencies) of radio stations in Canadian territory.

12. *Scientific Information.* Any geological, topographical, hydrographical, geophysical, or other scientific data obtained in the course of the construction or operation of the DEW System shall be transmitted to the Canadian Government.

13. *Matters affecting Canadian Eskimos.* The Eskimos of Canada are in a primitive state of social development. It is important that these people be not subjected unduly to disruption of their hunting economy, exposure to diseases against which their immunity is often low, or other effects of the presence of white men which might be injurious to them. While many Eskimo contacts with civilization have been of benefit to them, the opposite has been the case on many occasions, not only in Canada but in Greenland and Alaska as well. It is therefore necessary to have certain regulations to govern contact with and matters affecting Canadian Eskimos. The following conditions are set forth for this purpose:

(a) Any matters affecting the Eskimos, including the possibility of their employment in any area and the terms and arrangements for their employment, if approved, will be subject to the concurrence of the Department of Northern Affairs.

(b) All contact with Eskimos, other than those whose employment on any aspect of the project is approved, is to be avoided except in cases of emergency. If, in the opinion of the Department of Northern Affairs, more specific provision in this connection is necessary in any particular area, the Department may, after consultation with the United States, prescribe geographical limits surrounding a station beyond which personnel associated with the project, other than those locally engaged, may not go or may prohibit the entry of such personnel into any defined area.

(c) Persons other than those locally engaged shall not be given leave or facilities for travel in the Canadian Arctic (other than in the course of their duties in operation of the project) without the approval of the Department of Northern Affairs, or the Royal Canadian Mounted Police acting on its behalf.

(d) There shall be no local disposal in the north of supplies or materials of any kind except with the concurrence of the Department of Northern Affairs, or the Royal Canadian Mounted Police acting on its behalf.

(e) Local disposal of waste shall be carried out in a manner acceptable to the Department of Northern Affairs, or the Royal Canadian Mounted Police acting on its behalf.

(f) In the event that any facilities required for the system have to encroach on or disturb past or present Eskimo settlements, burial places, hunting grounds, etc., the United States shall be responsible for the removal of the settlement, burial ground, etc., to a location acceptable to the Department of Northern Affairs.

(g) If in the opinion of the Department of Northern Affairs the condition of buildings, equipment or other material no longer used for the project may have an injurious effect upon the Eskimos it may require the United States to raze any such buildings, or to remove or otherwise dispose of any such equipment and restore the site to a condition acceptable to it.

14. *Canadian Immigration and Customs Regulations*

(a) The direct entry of United States personnel into the Northwest Territories or Yukon Territory from outside Canada shall be in accordance with Canadian customs and immigration procedures which will be administered by local Canadian officials designated by Canada.

(b) Canada will take the necessary steps to facilitate the admission into the territory of Canada of such United States citizens as may be employed on the construction or operation of the DEW system, it being understood that the United States will undertake to repatriate at its expense any such persons if the contractors fail to do so.

15. *Use of Air Strips.* Air strips at installations in the DEW System shall be used by the United States solely for the support of the System. If it should be desired at any time by the United States to use an air strip for other purposes, requests should be forwarded through appropriate channels. The airstrips shall be available for use by the Royal Canadian Air Force if required. The airstrips shall also be available

for use by Canadian civil air carriers operating into or through the area concerned, PROVIDED that this right will be exercised only after any proposal to use the airstrip or airstrips has been submitted through the Royal Canadian Air Force to the United States Air Force to ensure that it will not conflict with military requirements and SUBJECT to the understanding that the United States Air Force will not be responsible for the provision of accommodation, fuel, or servicing facilities of any kind.

16. *Supplementary Arrangements and Administrative Agreements.* Supplementary arrangements or administrative agreements between authorized agencies of the two Governments may be made from time to time for the purpose of carrying out the intent of this agreement.

17. *Taxes.* The Canadian Government will seek to obtain for the United States Government the same taxation exemptions as have operated in the Pinetree project.

484. DEA/50210-C-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-2136 Ottawa, November 22, 1954

SECRET. IMPORTANT.

Reference: Your WA-1932 of November 10, 1954.

DEW LINE: PROVISION OF ELECTRONIC EQUIPMENT

Would you please inform the State Department that we do not repeat not agree with the proposed United States revision of paragraph 4. You might explain that we do not anticipate that the wording of this paragraph is likely to have much effect on the final decision as to what electronic equipment is provided from Canadian sources, but we are concerned about the underlying principle and its application to future projects. In our opinion the strategic importance of industrial production cannot be overlooked in defence planning, nor the need to develop alternative sources of supply in this country. If the Canadian electronics industry is to play an effective part in the joint defence of the North American continent it must be given an opportunity to participate in the actual production of electronic equipment, particularly in the field of radar. Only through the experience gained in the manufacture of such complex precision-built equipment can Canadian industry be kept in readiness to meet wartime demands.

2. It is for these reasons that we maintain the principle that electronic equipment for radar systems on Canadian territory should, as far as practicable, be manufactured in Canada. The determination of practicability in each instance must be a matter of consultation between Canada and the United States. The basis of such consultation would be recognition of the fact that, in the interests of mutual

defence, practicability must include strategic as well as commercial or economic considerations.

3. In our opinion the United States draft is the antithesis of the basis of consultation outlined above, and if applied would place the Canadian electronics industry in an impossible position in attempting to meet requirements for equipment needed in our own country. We take issue with the statement in paragraph 2 of Horsey's message of November 10, that, "This equalizing of the conditions is felt by our air force to be absolutely necessary in view of the interest of the United States industry". The United States draft, as we see it, would not equalize conditions, but would load them heavily in favour of the United States industry, and would make our position in dealing with our own industry an untenable one.

4. The Canadian Government has made every effort over the years to facilitate joint defence projects in Canadian territory and to ensure that they are carried out efficiently and expeditiously. We have no intention of imposing conditions which are unreasonable or of making demands which will delay these projects. In our view it is not too much to ask the United States Government, taking into account the record of previous cooperative ventures, to defer to our judgement as to the importance of the principle of practicability, and to give evidence of trust that we would not urge that the principle be applied unreasonably. Canada would yield the argument that provision of electronic equipment from Canadian sources was practicable in any case where it could be shown that such provision would adversely affect the project.

5. We understand that during his recent visit to Washington Mr. Howe spoke to you about this problem in a similar vein to the comments we have made above. No doubt you will wish to take his remarks into account when you discuss the matter with the State Department. It seems to us that this matter is the only one likely to present a difficulty in the early conclusion of an agreement on the DEW Line. We will be interested to hear how your representations are received by the State Department.

485. DEA/50210-C-40

Projet d'un télégramme du secrétaire d'État aux Affaires extérieures au chef de la délégation à l'Assemblée générale des Nations Unies

Draft Telegram from Secretary of State for External Affairs to Head, Delegation to United Nations General Assembly

SECRET Ottawa, December 2, 1954

CANADIAN PARTICIPATION IN THE DISTANT EARLY WARNING LINE

Following for Mr. Pearson on arrival Saturday:[44]

[44] Notes marginales :/Marginal notes:
Note for file: Not sent. Mr. Rogers took this to New York and showed it to Mr. Pearson. W.H. B[arton]
OK L.B. P[earson]

You will recall that Cabinet Defence Committee, at its meeting of November 12, recommended in a report subsequently approved by Cabinet:

(a) that the government agree to the construction of the proposed distant early warning line as one element of an overall continental defence warning system, the establishment of which is being undertaken as a joint Canada-United States project;

(b) that at the same time the United States government be informed of Canada's intention to participate in the project, the nature and extent of such participation to be more precisely determined in the near future.

2. We have now received a letter from the Deputy Minister of National Defence concerning the question of Canadian participation in the project. He argues that the main purpose of Canadian participation is to indicate joint responsibility and thus to make clear to the people of Canada that the United States is not being permitted to carry out large projects in Canada on its own. Part of this purpose was achieved by the issue of the joint press release. The question arises as to what further measures of participation are necessary. In his letter, Mr. Drury divides the project into two phases, the first being construction and installation, and the second operation and maintenance. He suggests that in respect to the latter phase it is probably too early to consider the form or extent of Canadian participation, other than to recognize that it would be desirable to have the RCAF participate in the manning of the line or its associated communications back-up or both, and that serious study should be given to all or part of the logistic support of the line being done by Canadian agencies. With respect to the construction and installation phase of the project, Mr. Drury points out that because of the Canadian preoccupation with the Mid-Canada Line, the United States Air Force designs, plans, and changes will have to be accepted largely without scrutiny and that any financial responsibility that Canada might undertake would be in the way of a nearly blank cheque. He suggests the following as possible ways in which Canada might participate:

(a) Canada might pay for electronic equipment produced in Canada. In Mr. Drury's view this would have the advantage of encouraging the placing of orders in Canada but the total liability would be difficult to estimate. Moreover production tends to be expensive when the design authority is spending someone else's money.

(b) Canada should pay for the transportation costs for services rendered by Canadian agencies. Mr. Drury considers that such a gesture would have little effect on the volume of business likely to fall into the hands of Canadian agencies and that in any case the total sum involved would not be very large because of our limited resources in this field.

(c) Canada would undertake to contribute a stipulated sum towards the overall cost of the project. This would have the advantage of limiting Canada's liability but unless the sum were quite substantial it would tend rather to indicate that Canada's participation was of a very minor character and convey the wrong impression. In the light of the disturbingly large expenditures for air defence in the relatively near future which are looming up and which will be for Canadian account, a gratuitous offer of this character would probably create more difficulties than it would solve.

3. It seems to me that in the light of the Canadian decision to pay for the whole of the Mid-Canada Line we should direct our participation in the DEW Line in such a

way that the Canadian economy will get the maximum benefit from our contribution and should not be concerned that the dollar value of our participation in the DEW Line will be low relative to the total cost of the project. For example, two or three million dollars spent on the improvement of the transportation system down the Mackenzie River and along the Arctic Coast in the Beaufort Sea - Coronation Gulf area would have real value in the successful accomplishment of the project and at the same time would be of benefit to the Canadian communities in that area. Similarly if the Canadian Government undertook to pay for electronic equipment produced in Canada up to a maximum of, say, twenty or thirty million dollars, it would encourage both initial and continuing use of Canadian equipment and would help to keep up employment in the electronics industry. With the practical limitations on what the Canadian electronics industry could be expected to produce, I am not convinced that Mr. Drury's objections cited in paragraph 2(a) above need to be taken too seriously.

4. I agree with Mr. Drury's arguments against the contribution of a stipulated sum towards the overall cost of the project. It is becoming increasingly apparent that it will be necessary to add greatly to the air defence installations in Southern Canada in the near future and that it will strain our available resources to maintain our position vis-à-vis the United States in these new developments.

5. If you concur, we propose to take this stand at a meeting to be held on December 7 when this matter will be discussed. In view of the timing, we should be grateful for an early reply.

R.A. MACKAY

486.

DEA/50209-40

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

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

TOP SECRET

[Ottawa], December 8, 1954

EXTERNAL AFFAIRS EYES ONLY

Attached for your information is the first of two papers by Defence Liaison (1) Division dealing with the air defence of North America. It outlines the nature of the very large programme for the establishment of air defence installations in Canada which we expect will be put forward by the United States for the period 1955-1960. The second paper, which is now in course of preparation, will deal with the problems which the implementation of the programme would raise for Canada and will suggest some possible courses of action.[45]

[45] Le second rapport sera reproduit dans le volume 21./The second paper will be reprinted in Volume 21.

2. In preparing these papers extensive use has been made of information which has been obtained "at the working level" from officers of the RCAF and USAF Air Defence Commands. The Chiefs of Staff would of course object strenuously if they knew that the information obtained in this way was being used to depict a programme which has yet to be submitted to the Chiefs themselves, let alone approved by them. For this reason the papers are being marked for "External Affairs Eyes Only". Experience has shown, however, that previous prognostications of this type prepared in External Affairs had proved to be quite accurate and it seems to me that even with the necessary limitation on their circulation these papers are well worth preparing for use within the Department.[46]

R.A. M[ACKAY]
for Under-Secretary of State
for External Affairs

[PIÈCE JOINTE/ENCLOSURE]

Note de la 1re Direction de liaison avec la Défense
Memorandum by Defence Liaison (1) Division

TOP SECRET

EXTERNAL AFFAIRS EYES ONLY

THE AIR DEFENCE OF NORTH AMERICA

Introduction

1. On January 21, 1954, following a visit to Headquarters, USAF Air Defence Command, at Colorado Springs, the Canadian Section of the PJBD prepared a report summarizing the information obtained. The report stated:

"The most important conclusion to be drawn from all the discussions on the threat is that responsible United States officials are firmly of the opinion that the Soviet Union has now, or will have shortly, the capability of launching an atomic attack on North America on a scale sufficient to eliminate this continent as an effective source of resistance to the achievement of Soviet objectives. For this reason, the United States officials assert that, even to provide a margin of protection sufficient only to keep our losses to the point where we would have the ability to recuperate and retaliate, the North American air defence system must be greatly expanded and that it is necessary that this be done rapidly."

The report also stated that the features of the USAF presentation which the Canadian Section of the PJBD considered to be of most immediate importance to Canada were the expression of the United States Air Defence Command belief:

[46] Note marginale :/Marginal note:
I suggest it would be inadvisable to mention this memo to your colleagues for the present at least. R.A. M[acKay]

"(a) in the necessity for an early warning line along the Arctic coast from Alaska to Baffin Island in addition to the line along the 55th parallel;

(b) that integration of the North American air defence system is desirable;

(c) that the depth of the "combat area" should be increased. Presumably this would mean fighter or guided missile bases in Canada."

2. Since the PJBD report was prepared, the United States H-Bomb tests have demonstrated the incredible power of thermonuclear weapons, analyses of the Russian H-Bomb tests of a year ago have revealed that the Soviet Union has a weapon as powerful as that of the United States, and the Soviet high-performance jet bomber has made its bow (at the last May Day parade). For some years there has been general agreement in the United States that North American defences against air attack are inadequate and that this situation must be corrected as rapidly as possible, but these events of the past few months have had the effect of converting into enthusiastic supporters many responsible United States officials who had previously questioned the scale and timing of the programme proposed by the U.S. Air Defence Command. Particular importance is attached to the protection of the Strategic Air Command bases required for the launching of retaliatory forces.

Air Defence Plan

3. In the light of these facts it is clear that the United States will bend every effort during the next few years to build an air defence system capable of coping with high performance jet bombers armed with nuclear weapons. The main framework of this air defence system is already in being, but it still needs to have a roof put on it and be walled in. The basic plan, upon which the air defence experts of both countries are in general agreement should be in operation by 1960, is as follows:

(a) Establishment of a distant early warning line as far away from the settled parts of the continent as possible, and long enough so that it cannot be avoided by "end-running tactics." The ultimate objective on the Atlantic side would be to tie the line to the European warning system. In the Pacific it will run from Alaska to Hawaii, and ultimately it might be extended as far as Wake Island.

(b) Creation of a "combat area", with facilities for the control of intercepting aircraft and missiles, extending for as great a distance from the major target complexes as possible. The existing control facilities and interceptor bases are situated on the immediate fringe of the principal target areas. The next step will be to build a tactical early warning line about 400 miles ahead of existing installations. In Canada this will be the "Mongoose" or "55th parallel" line. In the United States sector this tactical early warning will be furnished by radar lines running down both the East and West coasts about 100-200 miles offshore and consisting of a combination of picket ships, (picket ships are small ships about the size of frigates or weather ships, equipped with radar and stationed at sea to detect aircraft approaching North America.) aircraft and "Texas Towers" (Texas towers are "islands" anchored to the bed of the continental shelf about 100 miles offshore and equipped with radar. They were named after the oil drilling towers used off the coast of Texas.). As rapidly as possible after the tactical early warning lines are established, the control area will be expanded by the installation of additional heavy radar, until it reaches

the tactical early warning line, thus extending the combat zone by about 400 miles to the North and 200 miles to the East and West.

(c) Utilization of long-range interceptor aircraft and guided missiles to take advantage of the increased depth of the combat zone and to engage hostile aircraft at the greatest possible distance from their targets.

(d) Utilization of close-support interceptors and short-range "anti-aircraft" guided missiles in the protection of specific urban areas, key bases, etc.

Air Defence Programme

4. Implementation of this plan, particularly by the target date of 1960, will be a tremendous task, and can only be accomplished by the willing partnership of the two countries. The initial tasks which concern Canada directly are as follows:

(a) construction and operation of the Mongoose line by Canada — target date for operation January 1, 1957;

(b) construction and operation of DEW line along the Arctic coast, primarily by the United States but with Canadian participation — target date for operation mid-1957;

(c) modification of existing Pinetree radar stations to increase detecting height from 40,000 to 65,000 feet, the necessary equipment becoming available early in 1957;

(d) adoption of much more stringent civil air regulations to compel aircraft to cross radar lines through designated corridors and to file flight plans — this matter is now under discussion between the RCAF and the Department of Transport and will probably require enabling legislation.

5. In addition to the above projects, which are already "on the programme", it can be expected that the following proposals will be put forward within the next few months:

(a) installation of up to 110 semi-automatic gap-filler radars in the Pinetree system;

(b) construction of five additional heavy radar stations to improve the coverage over the Gulf of St. Lawrence;

(c) construction of eight heavy radar stations to close the gaps in the Pinetree chain between Manitoba and British Columbia, and the construction of six heavy radars north of the existing Pinetree stations in Northern Ontario to give added depth to the coverage in that area.

6. All the above measures are aimed at the improvement of warning and control facilities. There remains the question of how hostile aircraft can effectively be intercepted. The most immediate problem, of common concern to both the RCAF and the USAF, is that the long-range all-weather interceptor aircraft now in service do not have an effective ceiling high enough to engage jet bombers at the altitude at which the latter can be expected to operate. How long it will be before improved interceptors can come into service remains to be seen, although it is hoped that it will be possible to raise the ceiling of the CF-100 to 53,000 feet by 1956 and to

58,000 feet by 1958. It is doubtful that the new Canadian interceptor (CF-105) will be available until 1959.

7. The first anti-aircraft guided missiles (Nike) are now coming into service in the United States, and the Canadian Services are considered obtaining a supply for Canadian use. One consequence of the adoption of Nike by the United States is that the long-deferred problem of the defence of border cities, e.g. Detroit, Niagara Falls, and Buffalo, and the stationing of U.S. anti-aircraft installations on Canadian territory, is likely to come to a head in the not-distant future.

8. At a later date — during the period 1959-1961 — the United States will be ready to proceed with the installation of long-range interceptor missiles, possibly armed with atomic war-heads. It may not be necessary for these G.M. units to be based in Canada, but the missiles themselves will be intended to function over Canadian territory, thus giving rise to difficult operational and control problems.

9. The United States has been giving a great deal of thought to the economics of air defence, and the current view in the U.S. Defence Department is that for the period prior to the time when the enemy can be expected to rely on inter-continental ballistic missiles, (a ballistic missile is one which is fired as a projectile and follows a ballistic trajectory, e.g. the V-2) the only way of obtaining a sufficiently high attrition rate at a cost which would be within the bounds of reason is for our continental defence forces to use atomic weapons against enemy aircraft. The primary weapons would be air-to-air missiles armed with atomic warheads. They would be carried by our long-range interceptors and fired at the enemy while he was over the uninhabited parts of the continent (i.e. Canada) and over the ocean approaches. The development of these weapons is already in hand and will be pressed forward as rapidly as possible. It is expected that they will come into service in the autumn of 1956.

The Outlook for the Future

10. It should be understood that all these measures, costly as they are, have only a transitory value. The day of the intercontinental ballistic missile is rapidly approaching, — current U.S. intelligence estimates assign to the Soviet Union the capability of having such a weapon in service by 1963 and possibly as early as 1960. Even if this estimate anticipates the event by a number of years the fact remains that within a relatively short period of time we shall be confronted with a weapon against which at this time there is no known effective defence.

Problems Facing the Canadian Government

11. It cannot be emphasized too strongly that the programme outlined in this paper is not just a cloud on the horizon — it is a storm overhead. Over the period of the next five years the United States is going to press for the establishment in Canada of a series of costly defence installations. Stemming from this are a host of difficult problems with which the Canadian Government must come to grips. The following are some of the more important of these problems:

(a) To what extent will Canada have, as a measure of sovereignty, to participate financially in, and to man these installations?

(b) Where is the money and the manpower to be obtained, and to what extent will Canada have to reduce her NATO commitments to meet this requirement?

(c) Will the existing arrangements for command and control be adequate, and if not, what steps should Canada take to ensure that the air defence system operates with maximum effectiveness and that at the same time Canadian interests are protected?

(d) What is to be the Canadian policy with respect to the use of atomic weapons for defence and the arming of Canadian forces with atomic weapons?

12. In particular, the problem of command and control requires urgent consideration, since it will become increasingly difficult to modify current plans in the best interest of Canada as the costly programme for the provision of communications facilities advances during the coming year. A separate memorandum on this question is now being prepared.

487. DEA/50210-C-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2067 Washington, December 9, 1954

CONFIDENTIAL

Reference: Your telegram EX-2273 of December 9.[47]

DEW LINE CONDITIONS

Horsey at the Canadian Desk will arrange for a meeting on December 15 between Mr. Golden and interested United States officials on the subject of the electronics paragraph included in the Canadian draft conditions with respect to the DEW line. Horsey hopes that Roger Lewis, Assistant Secretary of the Air Force, will attend.

2. Horsey said that, while this meeting would be informal and would not give rise to commitments on either side, it would be welcomed by the State Department in that it would provide an opportunity for the direct exposure of Mr. Lewis to Canadian views on the subject. Interested officials at the State Department have felt themselves to be something in the nature of "shuttlecocks batted from one side to the other" and would welcome any development which would make the U.S.A.F. aware of the strength of the Canadian view.

3. A broad hint was given us that in spite of Mr. Lewis' engaging manner and apparent understanding of the Canadian view, he none the less held firm views himself on the important issues involved for the United States.

A.D.P. HEENEY

[47] Non retrouvé./Not located.

488. DEA/50210-C-40

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

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

LETTER NO. 2120 Washington, December 17, 1954

SECRET

Reference: Our teletype WA-2088 of Dec. 13, 1954.†

DEW LINE CONDITIONS — ELECTRONICS PARAGRAPH

The meeting with Roger Lewis, Assistant Secretary of the Air Force, to discuss the electronics paragraph of the Canadian draft conditions for the construction of the DEW Line, took place on December 15. The United States side was made up of the individuals mentioned in our telegram under reference. Mr. Golden and Mr. Wershof put the Canadian case. Representatives from D.D.P.'s Washington office and from the Embassy attended the meeting.

2. Mr. Wershof traced the history of the practicability formula from the Pinetree agreement to the present and set out the reasons why the Canadian Government placed such great store by the maintenance of the principle. The financial arrangements in the case of the Pinetree agreement had been different, but in the Canadian view differing financial arrangements did not affect the principle. The Canadian Government had been of the opinion that the United States Government understood and had accepted the necessity of meeting the Canadian Government's views in this respect. His argumentation was based in the main on the points raised in your telegram EX-2136 of November 22 and on the exchange of letters between Mr. Howe and Mr. Pearson in the fall of 1953. He admitted that, because of the urgent timetable laid down by the United States Government at the last PJBD meeting, acceptance of either the Canadian or the United States draft paragraph on electronics might not make much practical difference in the amount of electronic equipment procured in Canada. He went on, however, to point out that no one could be sure that the DEW Line was the last radar line on Canadian territory which might be considered necessary by the two governments. It was important therefore that the United States authorities should know of the strength of view of the Canadian Government on the principle of practicability involved in the electronics paragraph in the hope that in whatever future projects might have to be undertaken, a real opportunity would be given to the Canadian electronics industry to prepare itself to meet construction timetables. Mr. Wershof and Mr. Golden stressed the fact that there was no intention on the part of the Canadian Government of using the principle of practicability to delay the construction of the DEW Line.

3. Mr. Lewis made it clear that his remarks on the matter arose out of the Air Force operational interest in the DEW Line; he was not in this instance speaking for the United States Government as a whole or for any department of the Govern-

ment other than his own. His main concern was that nothing should be agreed to which at some stage would delay the construction of the warning line. Any joint operation requiring inter-governmental consultation had inherent in it the possibility of delay. The problem could be reduced to fairly simple terms, however, when the principle of equality of opportunity for both parties was the basis of consultation. When the principle of preference was accepted, however, the problem became more difficult and the likelihood of delays more apparent.

4. The practicability clause, when interpreted with respect to time, did not seem to him to offer much of a problem; it was relatively simple to determine whether or not a contractor could meet a timetable. When it came to interpreting the principle with respect to the cost and the quality of individual items, much delay seemed inevitable. There was a further difficulty for Mr. Lewis; he would find it more difficult to explain preferential treatment of the Canadian electronics industry to Congress and to the United States industry than would be the case if only equal consideration had to be given. It was not difficult to foresee a situation where, as a result of strong industry pressure on Congress, a hold order would be applied to procurement of some item and the project as a whole would be delayed. He asked Mr. Golden how the Canadian Government would apply the practicability formula in cases where either quality or price was involved.

5. Mr. Golden said that so far as the question of quality was concerned, Canada would yield the principle if it could be proven that Canadian manufacturers could not meet the quality standards required by the United States authorities; quality certainly could not be sacrificed in a matter of such importance to national security. The matter of price differential was not quite as easy. The main concern of the Canadian Government was to maintain an adequate *defence* electronics industry. At the moment the "market" for such specialized equipment was relatively small so far as Canada was concerned. In contrast, the extended commitments of the United States throughout the world offered United States manufacturers a wide field for the development and manufacture of advanced equipment. The Canadian Government believed it essential that the Canadian defence electronics industry should be given an opportunity to keep abreast of the rapid and ever more complicated developments in the electronics field. It would be impossible, therefore, to give a direct answer as to what price differential would be acknowledged by the Canadian Government as rendering impractical Canadian supply of a certain item. It had to be taken for granted, Mr. Golden thought, that greater price alone need not automatically rule out Canadian supply in a particular instance. The specific item would have to be examined in the light of the more general strategic interest of the Canadian Government in developing an adequate defence electronics industry. Mr. Golden added that the Canadian Government was unlikely to attempt to press for Canadian supply of a higher priced Canadian item of a type already in production in Canada. Its interest in pressing for Canadian supply of an item would be greater if the item concerned were a more advanced item not normally produced in Canada but which the Canadian industry could reasonably take on.

6. Mr. Wershof returned to Mr. Lewis' point concerning the difficulties which would face him in defending preferential treatment of Canadian suppliers before the United States Congress and industry. Mr. Wershof suggested that two answers

might be given. The first was that the DEW Line was being constructed not in the United States but on Canadian territory; any agreements made between the two governments had to be looked at in the light of that fact. The second argument which might be advanced was that the DEW Line was being constructed for the protection of the United States and of Canada. In the particular matter of production of electronics equipment, Canada was attempting to achieve a strengthening of the Canadian defence electronics industry, which in turn would increase the ability of Canada to contribute to the joint defence of the continent in time of war. Mr. Wershof also pointed out that the practicability formula for the production of electronic equipment was not a new formula; he had not heard that its inclusion in earlier agreements between the two governments had been the source of great concern to the United States industry. Mr. Lewis admitted that these were arguments which could be used.

7. Mr. Lewis reiterated his concern that implementation of the practicability formula seemed to him to be fraught with possibilities of delay. The language of the Canadian draft paragraph seemed to require that all procurement be tested against the Canadian interpretation of practicability and that the DEW project office could not act without clearing every item with a Canadian representative. Mr. Golden, in answer, said it was his understanding that action already taken in the course of only one meeting with Canadian representatives in New York covered a large percentage of the field and left over only 5% or 10% of the items to be procured for further consultation as to the best source of supply. (Mr. Lewis' deputy suggested that as much as 50% of the items to be procured would offer a problem.) Mr. Golden reminded Mr. Lewis that the practicability principle was not to be unilaterally implemented but that it contained a requirement for consultation.

8. Mr. Wershof pointed out that the draft paragraph did not in any case provide the Canadian Government with a legal veto over United States procurement. If a meeting of minds between Canadian and United States representatives could not be reached after consultation on a particular item, it was open to the United States under the Canadian draft paragraph to go ahead with the procurement of the item from whatever source it desired. If the Canadian Government, after examining the matter carefully, came to the conclusion that such an action violated the principle of practicability, it would register a protest with the State Department. He doubted if matters would ever come to this stage. The Canadian Government assumed that the provisions in the paragraph would be met by the United States Government in good faith.

9. The organization and functions of the DEW project office in New York were referred to at various times in the latter stages of the general discussion. For convenience we might consolidate in this paragraph our understanding of the discussion on this point. It was agreed that the project office was not a joint U.S.-Canadian office but a United States office to which Canadian representatives were invited. Mr. Golden indicated that the representative of the Department of Defence Production would be fully authorized to settle in the project office such problems as required his decision. It was agreed that experience in the operation of the office might indicate the need for changes in present plans. Mr. Golden said that the Canadian Government would be willing to consider any suggestions which might

be put forward to render the office more effective. The two questions of (a) how much authority the project office would have, and (b) how electronic equipment was to be procured, were in the view of the Canadian representatives not fully answered by their United States colleagues.

10. The meeting was recessed for a few minutes to allow the representatives on each side to consult among themselves. At the end of the recess Mr. Lewis said that he was convinced that the discussion had "advanced the solution of the problem" and that further discussions might best be conducted through regular channels. We assume that Mr. Lewis is prepared now to accept the essential features of the Canadian draft paragraph on electronic equipment and that in the near future we shall hear officially through the State Department the views of the United States Government on the Canadian draft conditions as a whole. We were assured after the meeting by State Department representatives that the meeting had achieved exactly the results which the State Department had hoped for. We were left with the impression that no further delay was foreseen in the conclusion of an inter-governmental agreement.

11. Mr. Wershof and Mr. Golden will be able to elaborate on any points which we may have covered inadequately in this letter.

G.P. DE T. GLAZEBROOK

DEA/50210-C-40

489.

Le sous-ministre de la Défense nationale
au sous-secrétaire d'État adjoint aux Affaires extérieures

Deputy Minister of National Defence
to Assistant Under-Secretary of State for External Affairs

Ottawa, December 21, 1954

Dear Mr. Wershof:

I attach a draft report on the meeting held with respect to Canadian participation in the DEW line. Before submitting this to my Minister, I would be grateful for your comments.

I intend to recommend to him that we should endeavour to organize substantial participation in the operation and maintenance phase and limit our participation in the construction and installation phase to ensuring that the conditions of the proposed agreement are carried out.

Yours sincerely,
C.M. DRURY

[PIÈCE JOINTE/ENCLOSURE]

Projet d'un rapport

Draft Report

SECRET [Ottawa] December 21, 1954

CANADIAN PARTICIPATION IN THE DISTANT EARLY WARNING LINE

The Cabinet Defence Committee, at its meeting of November 12 recommended, in a report subsequently approved by the Cabinet:

(a) that the government agree to the construction of the proposed distant early warning line as one element of an overall continental defence warning system, the establishment of which is being undertaken as a joint Canada-United States project;

(b) that at the same time the United States government be informed of Canada's intention to participate in the project, the nature and extent of such participation to be more precisely determined in the near future.

A group of officials, under the Chairmanship of the Deputy Minister of National Defence and comprising the Chairman, Chiefs of Staff Committee, the Deputy Ministers of Northern Affairs and National Resources and Defence Production, the Assistant Under-Secretary of State for External Affairs and the Assistant Deputy Minister of Finance have met and discussed the possibilities of Canadian participation in the distant early warning line and generally concluded as follows.

It was assumed that the main purpose of Canadian participation was to make it clear to the people of Canada that United States is not being permitted to carry out large projects in Canada except under effective Canadian control.

The DEW project was considered in its two main phases:

(a) construction and installation;

(b) operation and maintenance.

In respect of the first phase, namely construction and installation, the joint press release of November 19, 1954, pointed out that Canada had undertaken responsibility for the construction of the Mid Canada Line and that responsibility for construction and installation in respect of the distant early warning line would be vested in the United States, although both Canada and the United States would participate in the project. This would appear to indicate that the area of Canadian responsibility in respect of the DEW line would be confined to the operation and maintenance aspects.

In respect of the second phase, it appeared that the continuing aspects of the project were more important than the transient operations of a crash nature and that it would be desirable to have the R.C.A.F. take as substantial a share as practicable in the operation and manning of the line. It also appeared desirable to have as much as possible of the continuing logistic support performed by Canadian agencies so that traffic in the arctic should be, as much as possible, Canadian. To achieve this, it might be necessary to provide special arrangements for shipping which might take some time to achieve. It was recognized, however, that at the present time not enough was known about the line nor would likely be known for some time, to

permit specific recommendations to be made. It was agreed, however, that it would be desirable to initiate studies in respect of manning and resupply in order to ascertain the possibilities and consequences of Canadian participation in the continuing phase.

It was agreed that a grant could be made conditional and limited to a maximum sum. It was felt that if a grant were made, it should be accompanied by a stipulation that such money should only be used for payments of equipment or services procured in Canada. It is unlikely, however, that such a condition would have any appreciable effect on increasing Canadian business in that there is some indication that the extent to which Canadian resources will be used has already been largely determined and the United States appears to be willing to pay for these itself.

A grant, in order to achieve its purpose, would have to be substantial. Although $200 million is the present estimated cost of the construction and installation of the project, previous experience indicates that this is likely to be considerably exceeded and a contribution of the order of $25 million might merely serve to emphasize we were participating in the project but only as a one-tenth partner. In the light of anticipated defence expenditures on continental defence which would fall to Canada to pay, it would be difficult to contemplate a much larger contribution than this, unless defence expenditures as a whole are to rise.

The opinion was expressed that if a substantial contribution to the operation and maintenance of the line were to be made once it had been completed and was in operation, it might not be necessary to participate in the construction and installation phase, other than to ensure that the Canadian interests were protected in the ways outlined in the proposed agreement. The representative of the Department of External Affairs, however, was of the view that the Secretary of State for External Affairs would still wish to have Canada participate in the first phase.

DEA/50210-C-40

490.

Le sous-secrétaire d'État adjoint aux Affaires extérieures au sous-ministre de la Défense nationale

Assistant Under-Secretary of State for External Affairs to Deputy Minister of National Defence

SECRET [Ottawa], December 24, 1954

Dear Mr. Drury,

Thank you for your letter of December 21, 1954, enclosing the draft report on the meeting held to consider the question of Canadian participation in the DEW Line.

My first observation is that it may be desirable to add a line at the end of the opening paragraph to make it clear that in accordance with the Cabinet's decision the United States Government was informed by means of a diplomatic Note of Canada's intention to participate, the nature and extent of such participation to be more precisely determined in the near future.

My second observation stems from the fact that my Minister has further considered the matter in the light of the views expressed at the meeting of officials on December 7, and has decided not to press the view that Canada should participate in the construction phase of the project, provided that there is a clear understanding that there will be effective Canadian participation in the operation and maintenance phase. You may wish to add a sentence at the conclusion of the report to reflect this development.

As you know, it is incumbent upon the Canadian Government to notify the United States Government "in the near future" of our intention with respect to participation. I presume that it is your intention to follow up the report to your Minister with a memorandum from him to the Cabinet so that a decision can be obtained and the United States Government notified. This Department would appreciate the opportunity of seeing the memorandum to Cabinet in draft.[48]

Yours sincerely,
M.H. WERSHOF

SECTION C

CONSULTATIONS STRATÉGIQUES
STRATEGIC CONSULTATIONS

491. DEA/50219-AE-40

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

Ambassador in United States
to Secretary of State for External Affairs

DESPATCH 440 Washington, March 9, 1954

TOP SECRET

U.S.-CANADA MEETING OF CONSULTATION OF MARCH 4

I wanted to give you some preliminary comments on the meeting of consultation with the United States authorities which was held in the State Department on March 4. Since I am leaving Washington today on my western tour, this despatch will be held so that it may go to you with our final record of the meeting. I have seen and approved a draft of the record, but since it is customary to compare our notes with those kept on the United States side, so that our two records are in no substantial disagreement, it will be a few days before our record can be put in shape for transmission to you with this despatch.

[48] Notes marginales :/Marginal notes:
(Note for File — reference to Minister's views in 3rd para[graph] is based on Mr MacKay's account of what Minister told him on Dec 23) M.H. W[ershof]
OK R.A. M[acKay]

2. This meeting was not, perhaps, wholly satisfactory in relation to Soviet intentions. But I am not sure that we could have expected much more on this subject and the meeting did have real value for us particularly in relation to continental defence. The "agenda" put forward by the State Department met the suggestions which we had made. It had seemed to us that, since the meeting was to be held so shortly after the Four Power meeting at Berlin, it would be natural for the U.S. side to start with a discussion of the results of that conference and so lead into the United States estimate of Soviet intentions as they were related to various trouble spots in the world. In the event Bowie told us little about the Berlin Conference that we did not know already through our normal contacts with the State Department and the examination of trouble spots did not produce much. A good deal more time might have been spent (though with what profit I do not know) on the political implications of the new United States strategy.

3. The most extensive discussion at the meeting concerned military matters. This was perhaps not surprising in view of the agenda and having in mind the military background of the Chairman. Admiral Radford's contribution to the discussion was interesting even though his prepared remarks on the new United States strategy contained a good deal of material which had already been made public, for example in the interview with Admiral Radford, published in the *U.S. News and World Report* of March 5. We were not able to explore very deeply Radford's thinking as to how United States atomic capabilities were to be applied to local incidents of aggression. (General Foulkes was to have a further discussion with Radford and possibly he was able to go into this subject more fully.) On the other hand Radford's forthright declaration of continued United States support of NATO was reassuring although I am not certain that our European colleagues would have been similarly impressed. He said categorically that United States commitments to NATO would not be decreased but he also made it clear that they were not likely to be increased in any significant degree.

4. I believe that the progress report which we gave on Canadian activity with respect to the mid-Canada early warning line made a real impression on our United States colleagues.[49] I believe that at this high level they appreciate now our intention to co-operate to the greatest extent possible in the better defence of the continent. Progress reports of this type given from time to time can, I believe, ease the work of those officials who are responsible for the detailed day-to-day work in this co-operative project.

5. You will note from the report of the meeting that our views on the Indo-China situation in relation to the forthcoming Geneva Conference were solicited[50] and that General Foulkes was asked to put on paper some of his informal ideas on civil defence organization for the benefit of United States authorities. Bedell Smith did, too, express the gratification of the United States Government at the Canadian attitude towards the grant of United States military aid to Pakistan and especially for the remarks made by the Prime Minister while he was in India.[51]

[49] Voir/See Documents 446-490.
[50] Voir Chapitre 7./See Chapter 7.
[51] Voir/See Document 442.

6. In summary, I think that the meeting added something to our store of knowledge on current United States thinking on the extent of the Soviet threat to the security of the free world and of the steps which can best be taken by the United States to counter-act that threat. I was encouraged, as I am sure you will be, by the fact that Bedell Smith expressed the emphatic opinion that not too long a period of time should be allowed to lapse between these meetings of consultation. They provide a good informal channel through which we gain access to the high level thinking of United States political and military authorities and, while some may turn out to be less useful than others, we should, I believe, continue to make use of them whenever we think the occasion demands. I have said before that I do not think we should debase the currency by having too many meetings of consultation but I think we must bear in mind the expressed willingness of the United States authorities and particularly the Under-Secretary of State, Bedell Smith, to arrange for the meetings whenever we want to have them.

7. We have in addition gained some experience in the procedural aspects of the meetings which may allow us to make better use of future meetings of consultation. I think, for example, we should tend to discourage the growth on the United States side of too great an emphasis on formal "briefing" of the meeting by some individual. It will always be necessary that someone lead off the proceedings but I believe that the sooner the discussion stage is reached at these meetings the better they are likely to be. This in turn leads me to believe that it would be wise to make the agenda items as general as possible so that we need feel less limited in our questions. Finally, I think there is something to be said for limiting even more strictly the numbers of those attending. The larger the meetings become the more difficult it is to achieve that intimacy and informality in discussion which is likely to make the consultations most useful to us.

A.D.P. HEENEY

P.S. March 11. Six copies of our final record of the meeting of consultation of March 4 are attached. This record has been compared with the record kept on the United States side.

[PIÈCE JOINTE/ENCLOSURE]

Compte rendu de la réunion de consultation entre les représentants des Gouvernements canadien et américain

Report of Meeting of Consultation Between Representatives of Canadian and United States Governments

TOP SECRET

Washington, March 4, 1954

The meeting which was held in the State Department under the Chairmanship of General Walter Bedell Smith, the Acting Secretary of State was attended by

Admiral Arthur W. Radford,
Chairman, United States Joint Chiefs of Staff,
The Honourable John A. Hannah,
Assistant Secretary of Defense (Manpower and Personnel),
Mr. Robert Murphy,
Deputy Under-Secretary of State,

Mr. Robert Bowie,
Director of the Policy Planning Staff of the State Department,
and State Department representative on the National Security Council Planning Board,
Mr. Hayden Raynor,
Director of the Office of Commonwealth and Northern European Affairs, State Department,
Mr. R. Gordon Arneson,
Special Assistant for Atomic Energy Affairs to the Secretary of State,
for the United States Government, and by
Mr. A.D.P. Heeney,
Canadian Ambassador to the United States,
General Charles Foulkes,
Chairman of the Canadian Chiefs of Staff,
Mr. R.A. MacKay,
Acting Under-Secretary of State for External Affairs,
Mr. R.B. Bryce,
Clerk of the Privy Council and Secretary to the Cabinet,
Mr. G.P. deT. Glazebrook,
Minister, Canadian Embassy,
Rear Admiral H.G. DeWolf,
Chairman of the Canadian Joint Staff, Washington,
Mr. J.J. McCardle,
Canadian Embassy,
for the Canadian Government.

2. The agenda of the meeting consisted of two items,

(a) review of the Berlin Conference and its implications respecting the United States estimate of Soviet intentions,

(b) the new U.S. military strategy and its implications, particularly regarding continental defence.

Introduction

3. The Chairman opened the meeting by referring to a conversation which he had been having with General Foulkes as to the desirability of issuing some public statement by the Canadian and United States Governments outlining the progress which had so far been made in the building up of the defences of the continent. He suggested that any such public announcement should be drafted with a view to anticipating criticisms that not enough was being done in this vital field. The Chairman suggested that the possible issuance of a press release might be considered by Canadian and United States authorities.

4. The Chairman then went on to mention the various and important demands on the time of senior officers of the State Department. He indicated that it now seemed likely that Mr. Dulles would have to remain in Caracas at the current meeting of the Organization of American States for a longer period of time than had been anticipated, probably until the fate of certain proposals which would constitute a political Monroe Doctrine against the international Communist conspiracy was decided. He said that the United States, while it had not outlawed the Communist party, was well aware of the infiltration which had been achieved in the Western Hemisphere by the agents of international Communism. In the circumstances, therefore, Mr. Dulles would probably stay only a short time at the Geneva Conference and Bedell Smith would remain there indefinitely as Head of the United States delegation.

5. The Chairman, referring to the Berlin Conference, said that it had been quite impossible to resist French pressures for discussion of Indo-China at the Geneva Conference which had been agreed on at Berlin, although it was recognized by the three Western Foreign Ministers that such a discussion was not without grave danger. In Indo-China the Navarre Plan was being implemented successfully. French military authorities were confident of eventual victory in Indo-China. However the press had over-played the "real estate" victories of the enemy, and this press coverage, together with other factors, had made it difficult to refuse a high-level discussion of the situation in Indo-China. The Navarre Plan would not come to full flower this fighting season. The plan envisioned the development of 54 native battalions by the end of this year and further battalions next year which would constitute a satisfactory posture of strength vis-à-vis the enemy. The French military authorities, he said, were now convinced, as they had not been in the past, of the fighting quality of properly trained native battalions.

6. The Chairman said that the United States Government was fully aware that great pressure for a negotiated settlement in Indo-China would develop at Geneva, before the necessary strength was built up to permit acceptance of a sound solution of the problem. The whole subject was under the most intensive study within the United States Government and the problem of what attitude the United States would eventually take was as yet unsolved. The idea of agreement to a coalition government in Indo-China would appear tempting at Geneva but so far as the United States was concerned was unacceptable since it would be the beginning of the end of anti-Communist rule in Indo-China. The military authorities of the United States Government regarded any artificial division of the country as completely unacceptable especially since there was no fixed line of battle as there had been in Korea. The Chairman indicated that the United States Government would be grateful for any views the Canadian Government might wish to present on the matter.

Berlin Conference

7. Mr. Bowie presented the conclusions of the United States Government on Soviet intentions as they had been revealed at the Berlin Conference.

8. The European objective of the Soviets had been revealed as an unshakeable intention to maintain the present Soviet military and political position in Germany and Austria at all costs. This determination was especially evident with respect to the Austrian Peace Treaty. The concessions offered by the three Western Foreign Ministers and by the Austrian authorities, although generous in the extreme, had no effect on the Soviet position. Molotov argued that no Austrian Peace Treaty was possible because of the imminence of EDC and the resultant possibility of an *anschluss*. United States authorities regarded his arguments on this score as completely insincere and simply advanced in an attempt to mask the real determination of the Soviet Union not to budge from Austria. The objective was perhaps not so clear in the discussions with respect to East Germany because of the many side issues which were involved, but the United States representatives were convinced that the Soviet Union was not prepared to agree to anything which would lead to the end of its control in East Germany. The Soviet Union would not be satisfied

with any European security guarantee. United States representatives thought it probable that even if the Soviet Union were prepared to agree to a neutralization of Germany, it would not agree even within that framework to the liquidation of the East German régime.

9. The second main objective of the Soviet Union at Berlin had been the defeat of EDC. Mr. Bowie indicated that there was evidence that the USSR genuinely feared German re-armament as a threat to its security and that this was the essential reason for the Soviet position with respect to EDC. Molotov made it clear that the only safeguard acceptable to the Soviet Government, so far as Germany was concerned, was Soviet control of any/all German Government. Democratic processes might be good enough for other people or for other governments but were not suited to this situation so far as the Soviet Government was concerned. Molotov, in private discussions, made clear the Soviet belief that if EDC were defeated in 1954 it would be consigned to the archives. An intensive drive by the Soviet Union in this calendar year to defeat EDC might therefore be expected. So far as tactics were concerned the Soviet representatives completely disregarded the opinion of both East and West Germans and focused attention on French opinion. They attempted by every means to exploit the French fear of a rearmed Germany and to prove that, in this instance at least, the French interest lay in combining with the Soviet Union to exert strict control over Germany. Some attempt was made to appeal to opinion in the United Kingdom favourable to the neutralism of Germany. United States representatives regarded this as only incidental to the main effort directed at the French.

10. Soviet intentions with respect to Far Eastern matters might be classified under two headings: the drive for recognition of the Government of Communist China, and a possible genuine interest in some high-level meeting on Far Eastern matters. The attempt to gain recognition for Communist China seemed to be one of Molotov's main tasks. In every possible and some impossible circumstances Communist China was mentioned. This effort was most ridiculous in Molotov's suggestion that the United States and Communist China might be associated as observers in any scheme designed to guarantee European security. It was impossible to know whether this effort was made simply to placate Communist China or because the Soviet Union felt a real need for Chinese partnership. There were some grounds, although this was less certain, for the belief that the Soviet Union was genuinely interested in the convocation of a high-level meeting on Far Eastern subjects. The best evidence of this was Soviet acceptance of the restricted agenda and Soviet agreement to a meeting on Korea, under conditions which the Communist representatives at Panmunjom had refused to accept. Until the last moment Bidault had held out for conditions which would have allowed discussion of Indo-China only after a satisfactory discussion of the Korean situation and after Chinese assistance to the Viet Minh had been brought to an end. However the French Government "caved" and Bidault found himself unable to resist the Molotov offer which eventually was adopted. Bidault realized that discussion of Indo-China at the Geneva Conference involved grave dangers for France but yet he could not be put in the position of resisting any move to bring an end to the Indo-China war. One could only speculate as to Molotov's motives in this regard but it seemed reasonable to suppose he had one or all of the following objectives:

(a) To convene a meeting in which France would participate and in which a possible settlement in Indo-China could be used as a lever to pry the French away from acceptance of EDC.

(b) A real desire to bring about more settled conditions in the Far East because of Soviet uneasiness that the trouble spots there were getting somewhat out of control.

(c) To provide for a conference on Indo-China which could only be to the advantage of the Communists since almost any settlement which would be made under the present circumstances would lead to difficulties between France and the Associated States and eventually to Communist control of the whole peninsula.

11. Other less important indications of Soviet intentions were revealed at Berlin. Molotov made many efforts to split the three Western Ministers, not only on EDC and the Five Power Conference but also on such matters as the promise of increased East-West trade. The conduct of the Soviet representatives throughout the Conference suggested some desire on their part for a relaxation of tensions, in that their manner was not so pugnacious as usual. However it was evident that while the Soviet representatives might be seeking to lower the atmosphere of tension they were not prepared to give anything for such a relaxation. It was possible, of course, that their somewhat more restrained conduct of business was meant merely to contribute material for the use of their peace propagandists. The stress laid by Molotov on the desirability of holding further Big Power meetings was evident but the motives behind this move were not clear. Molotov may have hoped to divide the Western Foreign Ministers by his vague suggestions as to what might be accomplished at additional Big Power meetings, or his efforts may have been designed to prevent a clear-cut breaking-point on the problem of a European settlement which would tend to crystallize Western opinion against Soviet intransigence. Finally Molotov's references to disarmament were interesting but there was little to guide the Western delegates as to their real meaning. It was possible that they were merely designed for the use of Communist peace propagandists.

12. Aside from these indications of definite Soviet intention, Mr. Bowie indicated that he brought away three main impressions from the meeting;

(a) that there was a Soviet desire to keep the door of the conference room open;

(b) that the Soviet attempt to reduce tension without modifying its foreign policies might be a possible indication of the growing importance of Soviet domestic problems, and

(c) that the Soviet stand with respect to East Germany and especially Austria might indicate the growing influence of the Soviet Army on Soviet policy since the Army was in the best position to assess the effects on other Soviet satellites of any restrictions on Soviet military activity in these two areas.

MEDO

13. The Chairman then turned to consideration of the situation in the Middle East. He outlined the course of events which had led to the recent announcement of United States military aid to Pakistan within the framework of the Turkish-Pakistan Agreement. About a year and a half ago the Pakistan Government had informed the United States Government that it would have to reduce its defence forces by two

divisions because the economy could not support them. At that time the Pakistan representatives had also indicated, however, that their country was "prepared to stand up and be counted" as a foe of communist imperialism but that it could offer little practical assistance without military aid from the United States. The United States Government was faced with a dilemma. It was thoroughly alive to the difficulties which would arise in United States-Indian relations as a result of United States military aid to Pakistan, which would be regarded by the Indian Government as a breach in the Asiatic neutrality bloc. The United States Government could not, however, in view of its stated objectives, refuse to accept the support of a willing ally in the fight against Communist imperialism. Further, the United States Government had made it clear that it did not accept the concept that neutrality was possible in the event of the outbreak of a major war. It was the United States' view, and it had been stated many times publicly, that no neutrality bloc could act as a bridge between the Free and the Communist worlds. The United States Government did indicate, however, that it would find it easier to grant military aid to Pakistan if it could be done within the framework of some area defence agreement under the United Nations.

14. The Chairman digressed for a moment to indicate to the meeting the general thinking of the United States Government with respect to a Middle Eastern Defence Organization. He said that the original concept of a Middle Eastern Defence Organization had had to be discarded or at least indefinitely delayed. It might be possible to arrive at an agreement involving "bits and pieces of the Middle East" but even this was uncertain. However, an agreement of the Northern tier of nations in the Middle East, that is Turkey, Iran, Iraq and Pakistan, did seem possible and practical. The present Government of Iran was more favourably disposed towards the West than the Mossadegh Government had been. Iran need no longer be written off and might join in an area defence agreement at the proper time. The Government of Iran, however, had been unable to go far publicly in this respect because of its dispute with the United Kingdom over an oil settlement. The Chairman said that within the last day or two there had been some evidence that an Anglo-Iranian agreement was in sight which would involve operation of the oil fields by a consortium made up 40 percent by the Anglo-Iranian Company, 40 percent by United States companies, and 20 percent by French companies and Royal Dutch Shell. So far as Iraq was concerned there was some willingness on the part of its Government to participate in an area defence agreement but the basic hostility between Iraq and Israel created political difficulties. The Chairman suggested that, while this basic hostility existed and was fanned by violent speeches made for domestic political consumption by leaders on both sides, there were grounds for belief that the situation would ease in the not too distant future. In the circumstances the United States Government had welcomed the association of Turkey and Pakistan, the two ends of the line, as a step towards the future development of a broader area agreement among the Northern tier of nations. The Chairman said that only thirty million dollars had been requested of Congress for United States military aid to the Middle East. He believed it would be better spent in Pakistan and Turkey than spread thinly throughout the whole area. The United States Government regretted that President Eisenhower's message to Mr. Nehru had not been

accepted in the spirit in which it was written but was happy that Indian reaction had not been sharper. He expressed the gratification of the United States Government for the attitude which had been taken publicly by the Canadian Prime Minister in this matter.

The New United States Strategy

15. Admiral Radford introduced the second item on the agenda with an analysis of United States defence policy.[52] Between the end of the last war and the beginning of 1950 the United States followed a policy of defence retrenchment which left her in an extremely weakened condition at the time of the outbreak of the Korean war. He said it was fortunate that the Communists chose to move aggressively before "we had cut our heads off". In addition the aggression occurred in the one place, Korea, where the United States could fight. Within a year United States military strength had been increased from less than a million and a half to three and a half million men. This had been possible only because of the large reserve of trained manpower which existed in the United States as a result of World War II. United States military authorities realized that there was something essentially unfair in once again placing the burden of combat on men so recently exposed in World War II and who, although they could be regarded as trained reserves, had become a bit rusty. It was not long before the inequities of this situation were brought to the attention of Congress which passed legislation limiting the service of these reserves to two years. By the end of 1952 and especially in 1953 the period of obligatory service for a large percentage of the reserves came to an end and a very high proportion of them elected to return to civilian life.

16. Concurrently with the build-up of manpower, there had been a tremendous build-up in war matériel towards a peak emergency to come in 1954. It was evident to the authorities by 1952 that this planned build-up could not be achieved because it was being done under conditions of only partial mobilization. It could only have been achieved within a controlled economy. Ultimately, therefore, the objective was moved from 1954 to 1955 and then to 1956. However, United States military authorities were well aware that there was a need for planning beyond the period of most intense crisis. It was obvious, therefore, that no matter what Administration had assumed office last year, planning for the "long pull" would have had to be a main effort. In April of last year, therefore, President Eisenhower had put the task to the new Chiefs of Staff of building a defence machine for the United States within the economic resources of the country and not requiring deficit financing for its support.

17. Admiral Radford said that military planners traditionally are not required to take economic factors into their military consideration. In this case, however, the service chiefs agreed that a sound economy was as integral a part of national security as was the military establishment. Admiral Radford said that he, as Chairman of the Joint Chiefs of Staff, found it easy to agree to this concept since he was convinced that United States military aid to its allies had been an important factor in preventing further Soviet expansion. It was not difficult, he said, to get the agree-

[52] Voir/See Documents 446-490.

ment of the Chiefs of Staff. It was with the idea that the military establishment of the United States should be built without prejudicing the health of the national economy that the Chiefs of Staff took their "new look" at United States defence requirements. The service chiefs arrived at a figure of thirty-four to thirty-five billion dollars and this was regarded by the Treasury and the Bureau of the Budget as an amount which would be considered a reasonable annual outlay for the purely military functions of the United States Defense Department. The Chiefs of Staff were aware that an additional five to six billion dollars, annually, would be available for military aid and expenditures on atomic energy.

18. Another factor, which had had to be taken into consideration in the reassessment made by the service chiefs, was that of manpower. It had been possible between 1950 and 1953 to bring service strength up to 3 1/2 million personnel by the draft, by voluntary enlistment in the Air Force and Navy, and by calling on the reserve pool. It was, however, a fortuitous circumstance that that reserve pool existed. It is estimated that approximately 1 million men turn 18 each year in the United States of which 700,000 to 800,000 can be considered prospective additions to the armed forces. In their reassessment of United States defence strength the service chiefs estimated that the maximum defence forces which could be maintained over an indefinite period based on this United States manpower pool and without dipping into reserves would have to be limited to approximately 3 million personnel. There may be some change in this situation in 1960 when it is estimated that the manpower pool will take a significant jump. Admiral Radford indicated that while manpower, therefore, was a factor, cost was the most important factor which was taken into consideration by the service chiefs. They came up, therefore, with these figures which have now been made public: i.e. Army—approximately 1 1/2 million men; Air Force—975,000; Navy and Marine—800,000. The service chiefs agreed to these manpower ceilings, however, on the understanding that they were valid only if the world situation did not deteriorate significantly and if certain overseas commitments were to be reduced. In addition the service chiefs were able to assume that they would be permitted to use atomic weapons when that use seemed desirable and particularly in support of ground troops (i.e. the tactical use of the atomic bomb).

19. He said that the service chiefs still have not finished their study of the reserve structure. It was for this reason that they wanted to get back into the United States as much as possible of the United States Army in order that it could devote attention to building up a reserve structure which would be capable of producing trained manpower under conditions of emergency mobilization. No recommendations have yet been made to Congress on the reserve structure. However, the military authorities believe that any new plan should require reservists to join reserve units during the six year period in which they are obligated to be a part of the United States Reserve Army. While the obligation exists at the moment that soldiers discharged from active service continue in Reserve status for six years, an insignificant number of these reservists became associated with reserve units. The service chiefs are well aware that the voluntary enlistment rate in the Air Force and the Navy was kept up only because of the pressure of the draft and because a shooting war was going on in Korea. With reductions in monthly draft calls and the ending of the

fighting in Korea, the Navy and the Air Force may have a good deal of trouble reaching the manpower ceilings which have been established. Finally the service chiefs are acutely aware that there is a lack of re-enlistment and believe that more inducement must be offered if the quality of the services (aside from the quantity) is to be increased. It is re-enlistments which increase the quality of an Army not first enlistments or draftees. In the short run therefore the problem of maintaining the desired qualitative standards, especially in the Air Force and the Navy, is more one of obtaining trained manpower than of appropriations. He pointed out the obvious inconsistency of the present circumstances in which, under GI benefits, an individual is given $6,000. if he leaves the service and only $300 if he re-enlists. This factor of increased quality is of special importance in the field of continental defence where the first requirement is to have a large organization of highly trained individuals of above-average intelligence. The increasing technical complications of Air Force operations underline the need for re-enlistments.

Discussion of Soviet Intentions and the New United States Strategy

20. The meeting then proceeded to discuss the briefs which had been presented by Mr. Bowie and Admiral Radford. The Chairman emphasized his opinion that not too long a period of time should be allowed to elapse between these meetings. Mr. Heeney recalled the original purpose of the meetings, pointing out that they had been begun in a time when international tensions seemed somewhat greater than at the moment, and when it seemed possible that the United States Government might feel compelled, at short notice, to employ the atomic bomb. The decision to hold periodic meetings of "consultation" developed from views exchanged between President Truman, Prime Minister Attlee and Prime Minister St. Laurent in December 1950. These meetings had been designed to provide for informal exchange of information and views and for a review of the "danger spots" with particular reference to situations in which the United States might consider using the atomic bomb.[53]

21. Mr. Heeney indicated that, from the Canadian side, there seemed to be nothing of importance to add to Mr. Bowie's interpretation of the Berlin Conference. He did ask, however, whether other United States sources of intelligence support the general proposition that seemed to be accepted by the West, that international tension was now less than it had been even though Soviet long-term objectives had not changed. The Chairman thought that this was true when the usual limitations on intelligence estimates were taken into consideration. He stressed, however, that while there might be some indication of relaxation in tension, we were faced for an indefinite period with the threat of possible Soviet aggression which was serious enough to make it imperative that we be given the maximum of warning of any indications of the possible renewal of direct Soviet aggression. He thought that the view was somewhat less strongly held that we might be exposed to a sudden and surprise attack, "say the day after to-morrow", but not to the extent of reducing the sense of urgency concerning the development of the necessary continental defence.

[53] Voir/See Volume 17, Documents 682-713.

22. Admiral Radford pointed out that the Canadian authorities were aware of the United States military estimate that the Soviet Union was unlikely to launch a war of aggression within the next three years. They were also aware, however, that it was the United States military estimate that the Soviet Union had the capability of launching a war any time and that one could not discount the dangers of an accidental outbreak of war. He was anxious, he said, that no doubt should be left in anyone's mind as to how the United States military regarded the idea that tension had been relaxed. He suggested that the relaxation of tension was more in our minds than in the minds of Soviet planners and that the Soviet Union was keeping up a pressure on the West which should cause us as much concern today as it did three years ago. In those three years, of course, Western strength had grown more rapidly relative to Soviet strength, but since Soviet strength had never been seriously reduced after World War II, this should be cold comfort to us. He envisioned the Soviet threat as a three-pronged offensive on the psychological, economic and military fronts. It was possible, with some assurance, to estimate the military threat. It was almost impossible to estimate the extent of the psychological and economic threat and it was here that he thought the West would have its greatest problems.

23. The Chairman elaborated on Admiral Radford's point. He said that in the United States estimate the Soviet Union would not actively seek to launch a war in the next three years. On the other hand there was no significant change in Soviet foreign policy, even though that policy involved the possibility that the Soviet Union would be led into war. As time went on continued Soviet adherence to such policies might in fact make more acute the danger of the sudden outbreak of war. He stressed the difficulty of defining relaxation of tension, but however it was defined, it should not be interpreted by the West as grounds for any decrease in Western defence efforts.

24. Mr. Heeney expressed general agreement with this United States estimate. He then turned to a discussion of the implications of the new United States strategy for its allies. He recalled that in the formative years of NATO, Canadian representatives had done all they could to assist their United States colleagues in encouraging efforts on the part of the alliance to build up its strength. At the last Council meeting, however, the emphasis was shifted from the concept of the particular year of crisis to that of the "long pull" and it was agreed, with the full concurrence of the United States, that more consideration would have to be given to the economic basis of the NATO defence effort. This emphasis on better defence for less cost, taken together with public discussion of the United States "new look" in defence strategy, has raised in the minds of some of our European colleagues the fear that the United States might be embarking on a policy of gradual disengagement from its commitments abroad and turning away, in some measure at least, from support of the concept of collective security. Some chose to interpret the scheduled withdrawal of two United States divisions from Korea as further evidence of disengagement. While Canadian authorities could appreciate the factors which had led to certain re-adjustments in United States defence strategy, it was often difficult to combat such interpretations of United States intentions by friends in ignorance and by enemies in malevolence who criticized the United States. It was in this respect that these meetings of consultation were so important. They provided the Canadian

authorities with an opportunity to get further information at a high level on the motives which underlay United States policy re-adjustments and put them in a better position to answer the questions posed by their European colleagues. He was certain that the United States Government appreciated the necessity of consultation with its allies on matters of such extreme importance as United States defence strategy. Without consultation the allies of the United States might be kept in as much doubt as the potential aggressor as to the real intentions of the United States.

25. The Chairman said he was fully aware of the problem raised by Mr. Heeney for United States representatives were faced with similar questions at every turn. He said he thought he would be breaking no confidence in referring to a comment made by President Eisenhower at a meeting earlier that day of the National Security Council. The Council was considering the first long-term planning paper (and the Chairman emphasized it was the first such paper) designed to present United States policy objectives not in terms of the next year or the current budget or the present Administration, but in terms of the long-range interests of the United States. The President had commented that responsible United States authorities would be fools if they did not realize that United States planning has to be in generations, in the same sense as Soviet planning had been since the success of the Revolution. The Chairman assured the meeting that United States commitments to NATO and EDC were as firm as they had ever been. He said, however, that because people must be constantly reassured, even of the obvious, the United States Government intended to reaffirm publicly these commitments in the not too distant future.

26. The Chairman said that while the United States Government fully appreciated the important implications that United States defence policy had for NATO and EDC, it also seemed reasonable that the European allies should take into account the emergency build-up of United States defence forces between 1950 and 1953, the amount of foreign military aid granted by the United States, its contributions in manpower and money to NATO, and the expense of United States support of the French in Indo-China. All these efforts had cost a great deal of money and there were Europeans who worried about economic collapse in the United States. It was in these terms that the new look in United States defence had to be explained to the European allies of the United States. He hoped that on their side they realized how important it was that France ratify the European Defence Community treaty this year. They must also be convinced that the late awakening of the United States to an awareness of the paucity of its continental defences was not a return to isolationism. The shoring up of those defences in the face of known Soviet capabilities was an act of pure military prudence and of vital importance to the defences of the Western world. Mr. Heeney asked if it was correct to assume that the United States continued to place the same weight as in the past on NATO as a deterrent to Soviet aggression. The Chairman replied that such an assumption was correct.

27. Admiral Radford pointed out that NATO and the United States had no alternative to the "long pull" and that the West must continue to live with the Soviet threat. The West is stronger than it was a few years ago and to the degree that it is stronger, there is probably some relaxation of tension. But there has been no removal of threat. A world divided between two powerful antagonists is not a happy world, but a situation of tension is preferable to atomic warfare. In his esti-

mate a world divided between two major powers, in one of which only the desire for peace exists, is much more exposed to the danger that war will break out than is a world divided between two powers, both of which are ready for a war but which are prepared to exist without it under conditions of constant tension. The Chairman supported Admiral Radford's argument by referring to the fact that it was the lack of a power balance which in two instances led to the outbreak of major world wars. Any sense of security would be false unless it is firmly based on increased and increasing allied strength.

Continental and Civil Defence

28. General Foulkes said he would like to express on behalf of the Canadian services their appreciation for the willingness of the United States authorities to convene such meetings of consultation as this. Following along the line of thought which Mr. Heeney had developed, it would be much easier to deal with questions concerning the new United States defence policy which might be asked by European colleagues when opportunities such as this meeting were presented at which the Canadian authorities could learn more about United States intentions. In addition, United States views put forward at these meetings were obviously of great importance to Canadian planners as they tackled the problems of how best to provide adequate defences for Canada. He went on to refer to the problem of providing appropriate civil defence for Canada in the light of the increased capabilities of the Soviet Union to launch a successful atomic attack on the continent. He expressed the hope that it might be possible to issue some public statement on the work which had already been done on the mid-Canada early warning radar chain before the United States film on the 1952 hydrogen bomb test at Eniwetok was made available for public showing. The Chairman said that public showing of the film was still being delayed in spite of pressure from civil defence authorities for its release. In this the State Department have supported the Defense Department's view that it should be held up until at least after the Geneva Conference. In answer to a question by Mr. Heeney as to why there seemed to be a "second round" of articles in the press on continental defence, the Chairman said he thought civil defence authorities were responsible. They had found that they had to scare people thoroughly if they were to get their appropriations through Congress. It went even further than the question of money, in that civil defence authorities were finding it very difficult to interest the citizenry in the subject. This was one of the reasons why these authorities were pressing so vigorously for the release of the film. State Department and Defense Department authorities, however, were concerned that the use of such a scare technique might get out of hand and result in impossible demands being made upon the Government for expenditures in the field of continental defence. Mr. Bryce said that the same problem of perspective existed for the Canadian Government and asked if any decisions had been taken in the United States as to the limitation of the size of urban areas or the dispersion of industry and government.

29. Admiral Radford said that in his opinion civil defence authorities should concentrate on building up a sound professional staff and should leave the "arm waving and emotion" to voluntary organizations. He said that there had already been pressure for large-scale civil defence exercises in the United States but that the

Defense Department was attempting to have them delayed, for in his opinion they were likely to give rise to more trouble than they were worth. The Chairman said that the United States Government was working on the problem of dispersion of industry and government. In this field the generous loan and depreciation benefits granted to new industries which would locate themselves in relatively isolated areas was a powerful lever. No steps were being taken to limit the size of urban areas, primarily because no one had been able to decide how it could be done successfully. Admiral Radford said that the whole question of dispersal of industry had to be most carefully considered, for it was important that highly industrialized centres not become pockets of depression. Most of the plans offered for really large-scale dispersion were simply not realistic. The natural trend in industry siting at the moment was on the outskirts of large cities. Some workers travelled as much as 30 and 40 miles from the large cities in which they lived to the plants in which they worked. It was the height of foolishness to locate a plant 30 or 40 miles from the city for its protection while the workers required to operate the plant lived in congested cities exposed to the most disastrous effects of atomic bombing. The Chairman referred to the war-time experience of the Allies in Germany where it was finally decided that the human element was the only really vulnerable one in German aircraft production. Only when German aircraft workers were seriously discommoded did production fall off. Bombing of the plants alone had very little effect.

30. General Foulkes said that he was coming around to the view that civil defence must be brought in line with our present thinking of the Soviet capabilities to attack the continent. In Canada and, so far as he knew, in the United States present civil defence activity followed the lines of that carried out in London during the last war. It was what he called the "village pump system", i.e. local civil defence organizations working in their immediate areas. In the changed circumstances brought about by the possible use of the atomic bomb the civil defence organization would go up with the rest of the town. There was, it seemed to him, a need for a civil defence organization which could be moved from place to place and which was controlled centrally. Survival would be the dominating factor in the first 30 days of atomic attack and it was essential, therefore, that some civil defence organization should be capable of reducing the impact immediately the war broke out. He wondered if it might not be possible to use the bulk of the static armed forces in the country for this work, those who, for example, would normally be concerned with handing out quartermaster stores and administering large army camps. So far as he could see some such organization would be the only alternative to an expansion of a permanent civil defence organization of the type presently in existence. He thought that mobile columns might be organized whose task it would be immediately upon the outbreak of war to transport such members of the armed forces as had been assigned civil defence duties to areas of greatest need. In addition prior attention would have to be given to the dispersal of hospital supplies and protective equipment.

31. Admiral Radford said he was in complete agreement with this concept of a civil defence organization. The Chairman said he would certainly like to have these views on paper for examination by the United States authorities. It was pointed out

by General Foulkes and Mr. Bryce that these ideas did not have Canadian Government approval but were merely the preliminary opinions of the Chiefs of Staff. However, they agreed that some consideration might be given to passing the views in writing and informally to the United States authorities.

Early Warning

32. General Foulkes said that the Canadian authorities felt that they had increasing reason for concern that little if any warning would be given before a Soviet attack. The extent of the warning which might be expected obviously had an important bearing on defence planning. In recent conversations with General Gruenther it had been indicated that probably three days' warning was all that could be expected. Admiral Radford said that at the moment, because of the lack of adequate early warning systems on this continent, the United States Joint Chiefs are assuming that they would be given no warning whatsoever of an attack. So far as NATO was concerned, he too had been talking to General Gruenther and found his worry to be that even if he had three to five days' warning he would probably be unable to use it since he would not be able to convince some of his European colleagues of the imminence of attack. They might even argue that to make such overt moves as would be necessary to reduce the success of a surprise attack would only serve to ensure that that surprise attack take place. The problem in the United States to which the Joint Chiefs had been giving some thought was over what period of time could an alert status be maintained. Could you, for example, have every one on 100 percent alert for a few days or weeks, with reductions in the degree of alert as the danger passed? What they really hoped to evolve was a degree of alert which could be maintained successfully in this country without loss of public interest over an indefinite period.

33. Both sides agreed that the problem of what degree of warning we would get of a Soviet attack was one to which a great deal of thought had to be devoted.

34. General Foulkes said that this problem of time of warning was of immediate concern to the Canadian service authorities. With Canadian air squadrons in Europe the problem was one of achieving maximum flexibility. If we were assured that adequate warning would be given it would not be necessary to have stations fully manned and it would be possible to rotate personnel in such a manner as to do away in large measure with the need for permanent housing in Europe for dependents.

Reserves for Europe

35. The problem was also directly relevant to the question of getting reserves to Europe in time to stem the initial Soviet ground attack. If there was not sufficient warning to get reserves to Europe, not only would we be at a serious disadvantage in ground strength but even the effect of the tactical use of atomic weapons would be seriously lessened by our inability to force the enemy to concentrate. There was a question in his mind also as to whether the strategic reserve to be built up in the United States would be of any use in Europe if there was to be no warning or very little warning. Admiral Radford agreed on the importance of as much advance warning as possible. The question of supplying reserves to Europe was one which

gave him great concern. It was "fantastic" in his opinion to believe that the U.S. NATO commitment of two divisions by D+30 days could be honoured. The best that could be done in the most ideal circumstances would be the provision of these two divisions in D+45 to D+60 days. The aim of the NATO defence organization was the provision of balanced collective forces and in his opinion the European allies must be brought to realize that it was their job to provide the bulk of the ground troops which would meet the initial attack of the enemy. In this context, of course, a German contribution of manpower was essential. He said that when he spoke of the tactical use of the atomic bomb he had in mind a deep tactical offensive use which was something short of strategic bombing and something more than tactical bombing in front of our own troops. He thought it was important that in our planning we did not give the enemy more capability than he had. For example, he said that some of the Soviet planes which alarmed us so far as continental defence was concerned are the same planes which alarmed General Gruenther in Europe. In NATO we are fully aware of the logistic problems which will have to be met in keeping our forces supplied. The enemy will have many of the same problems and there are grounds for thinking that we are solving them faster than he is.

36. He summed up his appreciation of this situation in the following terms: If NATO was ever to be the instrument in the defences of the free world which it was supposed to be it would soon have to have a German military contribution.[54] The United States was prepared for the indefinite future to maintain the present level of its forces in Europe. Any additional power which NATO needed from outside Europe could not be in the form of ground troops, at least in the initial stages. It was nonsense to believe that reserves could be moved from the United States in time to have any effect on the early stages of the battle. On the other hand the Air Force was highly mobile and could bomb both strategically and tactically almost from the outset of the war.

37. The new Chiefs of Staff had, in their reassessment of United States defence strength, also stressed the importance of a build-up of a strategic reserve of men and matériel in the United States. While some of that reserve strength would probably be moved to support the NATO ground effort as soon as such a move was possible, some elements of it would be kept for eventual use against the Soviet Union in the right place at the proper time. A build-up of Western strength on the ground in Europe which might eventually lead to stalemate with Russian forces would not serve the purposes of the West. The new Chiefs of Staff had believed, therefore, that they must have immediate control of sufficient reserve strength so that it could be committed where it would best serve the interests of the free world.

38. General Foulkes agreed that in the initial stages at least any Russian ground attack would have to be met with the NATO troops on the ground and NATO commanders could not plan on the usefulness of reserves from overseas. Some discussion ensued between the Chairman, Admiral Radford and General Foulkes as to the possibility of stockpiling equipment in Europe for reserves in order that the personnel might be moved quickly by air. Admiral Radford said that there was no present

[54] Voir/See Documents 307-355.

intention on the part of the United States authorities to stockpile equipment in this fashion. The Chairman said that more attention would have to be given to the problem of marrying up troops and stockpiled supplies.

Mid-Canada Early Warning Line

39. General Foulkes then gave the meeting a progress report on the mid-Canada early warning radar line, pointing out that it was not, as some people tended to regard it, a southern line but one which bordered on the sub-Arctic. With the aid of a map he indicated the progress of the site survey now underway on which the RCAF and USAF have co-operated. Before dealing in detail with the site survey, he recalled for the meeting the requirements which had been set up for the radar line to meet requirements up to 1960; that it must be capable of handling aircraft at speeds up to 550 knots, flying singly or in groups, from 200 ft. to 65,000 ft.; that the interval between the stations be not more than 30 miles; that information that the line had been crossed had to reach Air Defence Command headquarters within three minutes; and that it had to be capable of discerning friend from foe, even though it was essentially a warning line and not an identification device. To assist in the identification process it would be necessary to introduce conventional scanning radar at certain points across the line. Canadian authorities favoured the setting up of a number of gates in the line through which all friendly aircraft would have to pass. Not only would this help in the identification of friend and foe, but it would introduce a flying discipline for civilian aircraft in time of peace, which would be useful in time of war. He said that Canadian authorities thought that in peacetime the line would serve the civil purpose of locating lost aircraft. If an aircraft did not use the gates someone would be sent up to investigate.

40. General Foulkes went on to indicate the progress of the site reconnaissance in the various sectors of the line. Work on the Atlantic and Pacific sectors would be delayed somewhat because of heavy snows, but the reconnaissance of the other three sectors would probably be completed by the end of this month. The difficult location of the line might prove valuable in the long run in that the possibility of sabotage would be reduced. Some of the line would, for example, have to be serviced by helicopter. A target date of June 1st had been set for the completion of reconnaissance of the whole line. It was estimated that the line, or a major part of it, would be in operation by the end of 1956. Individual sectors of the line might be put in operation as they were completed without waiting for the whole line to be completed. It was estimated that 400-500 men would be sufficient to operate the whole line. Tests of a pilot model of the line would probably be run in March. The line when completed would provide at least three hours early warning in Canada and more extended warning in the United States. Admiral Radford expressed enthusiastic interest in the North-South line running south from Churchill since it was the first indication he had had that such a line was being built.

41. Admiral Radford said that the United States Service chiefs were anxious to proceed rapidly but surely with the development of adequate early warning systems, although there had been some attempt to stampede them into acceptance of schemes of unproven reliability and practicability. General Foulkes said that the Service authorities in Canada had the same aim and hoped therefore to be able to

test the mid-Canada line before giving attention to any more distant early warning system. The question of some public statement on the progress of the work was raised again, and Admiral Radford gave General Foulkes a draft press release which, it was proposed, might be released by Senate Armed Services Committee with respect to the briefing it had received from the United States Joint Chiefs of Staff on the problem of continental defence. Admiral Radford said that it was completely innocuous, but he would not agree to its release until it had been discussed with Canadian authorities.

42. General Foulkes made reference to one final point with respect to continental defence which was of some concern to Canadian authorities. The Canadian public would be inclined to question any development which would require the presence in Canada of USAF squadrons for the purposes of continental defence when a Canadian air division was in Europe. While this could be explained in military terms, it was not politically desirable.[55] The Chairman and Admiral Radford said they fully appreciated the Canadian problem.

43. The meeting ended with agreement on both sides that no mention of these meetings of consultation should be made in any public statement, but that responsible authorities of both countries might be asked to co-operate in the preparation of a draft press release or public statement concerning the progress of installations for continental defence.[56]

492. DEA/50219-AE-40

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

Ambassador in United States
to Secretary of State for External Affairs

DESPATCH 1687 Washington, September 27, 1954

TOP SECRET

MEETING OF CONSULTATION

The meeting of consultation between Canadian and United States officials took place on Friday, September 24. You will remember that it has been the practice for each side to keep its own records of these meetings and then to compare the two records so that no glaring inconsistencies exist. It will be some time before we are in a position to forward our record of the meeting to you.

2. The main topics dealt with at the meeting were (a) the situation on the China coast and at Quemoy, (b) Europe after EDC, (c) Soviet intentions and the Soviet threat to North America, and (d) continental defence.

3. Discussion of the Communist Chinese threat to Quemoy and Formosa confirmed the estimate which we have sent you in other correspondence that no final

[55] Sur ce point, voir aussi/On this point, see also Volume 19, Documents 675, 676.
[56] Voir/See Document 448.

decision has been taken by the United States Government as to whether United States forces should assist in the direct defence of Quemoy. Admiral Radford made one point which was new to us and that had to do with the possibility that current Communist Chinese attacks on Quemoy might well be a covering operation for a planned attack on the Tachen Islands further to the north which were not, and could not be nearly as well defended by Nationalist forces. Admiral Radford said that an anxious eye was being kept on this possibility by both Nationalist Chinese and United States authorities. Bedell Smith spoke in more general terms of United States policy towards Communist China and the burden of his remarks was that if it were not for the strong views on China held in Congress the Administration's policy could be a good deal more flexible. He believed that Mr. Attlee had rendered a real service to the United States and other Western Powers by his decision to accompany Bevan to Communist China and by the report which he had made on the trip. Bedell Smith said that it was not without the bounds of possibility that in the relatively near future United States public opinion might be brought around to accepting the necessity of admitting Communist China to membership in the General Assembly. He saw little hope, however, that the United States could agree to Communist Chinese membership on the Security Council and he thought that some attention would have to be given to how this situation could be dealt with. Incidentally, these remarks obviously horrified Walter Robertson, the Assistant Secretary for Far Eastern Affairs who attended the meeting.

4. Discussion of the failure of the French to ratify the EDC Treaty and of the subsequent problems raised with respect to German re-armament and the possible admission of Germany to NATO confirmed our impression that the French stock is at an all-time low among senior officials of the United States Government both civilian and military. The Under-Secretary and I, without minimizing in any way the difficulties which the current French attitude posed for the United States and other members of the Western alliance, made every effort to impress our United States colleagues with the Canadian view that there was no alternative to French participation in the defence of Europe. Bedell Smith assured us that in spite of French actions in the recent past both with respect to European problems and Indo-China, the United States representatives would go to the nine-power meetings in London with an open mind and would be prepared to accept any formula which would be satisfactory to both Germany and France. Quoting Mr. Churchill's words of another day Bedell Smith expressed the hope that at London we would not have to be satisfied with "the lowest common denominator of all our apprehensions".

5. In spite of his assurances concerning the open-minded approach of United States representatives to the London meetings, Bedell Smith went on to stress that in the United States view time was running out for Chancellor Adenauer. He said that if at the London meetings there could not be found a formula for Franco-German co-operation in the defence of Europe the Western alliance "might have to follow the tactic of the vacant chair" for a time and there was no doubt that in Bedell Smith's mind the vacant chair would be that which France could not or would not occupy. It was his "personal view" that the Spanish bases treaty had changed the strategic picture in Europe significantly. It was possible he thought that attention would have to be given to an alternative strategy for the defence of

Europe which would be "infinitely less satisfactory" than the strategy which would have been based on the EDC Treaty had France ratified it.

6. There was little new in the United States estimate of Soviet intentions or in Admiral Radford's appreciation of the Soviet threat to North America. So far as continental defence was concerned agreement was reached on the issuance of a press release by the two governments with respect to the distant early warning line. Your draft text was accepted with one alteration (our telegram No. WA-1682 of September 25†).[57] Bedell Smith and Admiral Radford were quick to agree that General Foulkes' suggestions concerning a truly joint approach to a North American weapons system should be brought up formally for consideration by the United States Joint Chiefs of Staff. They indicated that, in spite of the real difficulties which would arise for the United States because of security regulations, some solution to these difficulties could be achieved.

7. This will be the last meeting of consultation under the chairmanship of Bedell Smith and we note this fact with deep regret. There is no doubt that he is one of the ablest United States officials we are ever likely to come in contact with. Furthermore he has been particularly well disposed to Canada. He is to continue on in an advisory capacity to the Administration but I am sure his departure from day to day contact with the policies of the United States Government will become apparent. We can only hope that his successor in the position of Under-Secretary of State, Mr. Herbert Hoover, Jr., who attended this meeting, was impressed with the degree of frankness with which Bedell Smith conducted the meeting and will follow that practice when he presides at the next meeting of consultation.

A.D.P. HEENEY

493. DEA/50219-AE-40

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

Ambassador in United States
to Secretary of State for External Affairs

DESPATCH 1723 Washington, October 4, 1954

TOP SECRET

Reference: Our Despatch No. 1687 of September 27, 1954.

MEETING OF CONSULTATION WITH UNITED STATES OFFICIALS ON SEPTEMBER 24, 1954

I attach four copies of the record of the meeting of consultation between representatives of the Canadian and United States Governments which was held on Friday, September 24. Highlights of the meeting were dealt with in our despatch under

[57] Voir Canada, Chambre des Communes, *Débats*, 1955, volume II, p. 1496.
See Canada, House of Commons, *Debates*, 1955, Volume II, p. 1419.

reference. The record has been compared with the record kept on the United States side and there are no major discrepancies between the Canadian and the United States records.

2. The attachment is almost a verbatim record of the meeting rather than a report on it and hence is lengthy. It is a record, however, worth reading for it throws light on the thinking of senior administration officials which underlies United States policy towards Europe and the Far East. The meeting, I believe, was one of the most useful of such meetings I have attended.

3. In the light of the decisions reached at the nine-power meetings in London, the discussion of the European situation outlined in the attachment may seem to be only of historical interest. On the other hand, it was not in any sense an academic discussion. It revealed what continues to be a basic element of United States policy towards Europe, the necessity of European integration involving France and Germany as a base for the defences of Europe against Soviet expansionism. European leaders should be under no illusions. If they fail in the implementation of a united European approach to the problem of Soviet expansionism they must expect increasing disillusionment on the part of both United States military and civilian authorities and a strengthening of the influence of exponents in the United States Government of the theories and practice of peripheral defence.

4. It was agreed that the suggestions made by General Foulkes at the meeting with respect to continental defence (paras. 54 to 57) should now be put to Admiral Radford in a personal letter from General Foulkes — the next step to be decided upon later.[58] I assume that you will arrange to send us copies of all the relevant correspondence on this matter. I believe it is essential that we should be kept informed at all stages as to where the matter stands in order that we can discuss the subject intelligently with the State Department. The State Department, I am certain, will be greatly interested and directly involved in developments arising out of the suggestions made by General Foulkes since they will affect the defence policies of the Canadian and United States Governments.

A.D.P. HEENEY

[PIÈCE JOINTE/ENCLOSURE]

Compte rendu de la réunion de consultation entre les représentants des Gouvernements canadien et américain

Report of Meeting of Consultation Between Representatives of Canadian and United States Governments

TOP SECRET Washington, September 24, 1954

The meeting which was held in the State Department under the Chairmanship of General Walter Bedell Smith, the Acting Secretary of State, was attended by

Mr. Herbert Hoover, Jr.,
Under-Secretary of State Designate,
Admiral Arthur W. Radford,

[58] Voir/See Document 492.

Chairman, United States Joint Chiefs of Staff,
Mr. Walter S. Robertson,
Assistant Secretary for Far Eastern Affairs,
Mr. Walworth Barbour,
Deputy Assistant Secretary for European Affairs,
Mr. Robert R. Bowie,
Director, State Department Policy Planning Staff,
Mr. G. Hayden Raynor,
Director of the Office of Commonwealth and Northern European Affairs, State Department,
for the United States Government, and by
Mr. A.D.P. Heeney,
Canadian Ambassador to the United States,
General Charles Foulkes,
Chairman of the Canadian Chiefs of Staff,
Mr. R.B. Bryce,
Clerk of the Privy Council and Secretary to the Cabinet,
Mr. Jules Léger,
Under-Secretary of State for External Affairs
Mr. G.P. de T. Glazebrook,
Minister, Canadian Embassy,
Rear Admiral H.G. DeWolf,
Chairman of the Canadian Joint Staff, Washington,
Mr. J.J. McCardle,
Canadian Embassy,
for the Canadian Government.

2. The agenda of the meeting consisted of four items,

(a) the situation on the China coast as a result of Communist attacks on Quemoy Island,

(b) Europe after EDC,

(c) Soviet intentions and the Soviet threat, and

(d) continental defence.

Situation on the China Coast

3. At the invitation of the Chairman, *Admiral Radford* outlined the military situation on the China coast in the light of recent Communist Chinese attacks on Quemoy Island. Three island groups off the Chinese mainland, Quemoy and its outlying islands, the Matsu Islands — 150 miles to the north — and the Tachen Islands — a further 200 miles north — were held by Nationalist Chinese forces. Quemoy was the best defended of the three. It was garrisoned by one corps of Chinese Nationalist forces, reinforced with artillery elements, a total of 53,000 personnel. The action, begun in August, had died down considerably in recent weeks until September 22 when Quemoy was subjected again to heavy Communist artillery barrage. The Nationalist Chinese air force was keeping up its regular attacks on shipping concentrations around Amoy harbour and on gun emplacements on the mainland.

4. The Communists would be faced with a tough fight if they attempted to take Quemoy. Communist forces had suffered losses of some 10,000 personnel in their last attack on the island in 1948. United States authorities were not sure but that the Communists had launched their attacks on Quemoy as a smoke-screen for an intended attack on the Tachen Islands. In the latter instance Communist air power

from the Shanghai district could be employed, whereas in the vicinity of Quemoy the Communists had no air fields in operational condition. The Tachen Islands were less well defended than Quemoy. Nationalist forces on the islands consisted of one division of regular troops which had been trained and equipped by the United States plus some 3,000 or 4,000 guerrillas. The islands could not be held without outside assistance to neutralize the Communist air power which could be brought to bear on the islands.

5. In answer to a question from Mr. Heeney concerning the implications of the Communist attacks on Quemoy for the defence of Formosa, Admiral Radford said that the attacks might be the first step of a Communist drive against Formosa. However, the biggest factor in the attacks seemed to be psychological, on the one hand to honour the public pledges of the Communist Chinese Government to retake Formosa and on the other to weaken the morale of Formosa's defenders. There were, of course, obvious military objectives involved. The Nationalists, by their ability to control Quemoy and its outlying islands had been able to stop all Communist shipping from using the excellent facilities of Amoy harbour. It was known that most of the logistic support for any communist Chinese air force in Fukien Province would have to come by sea and in the present circumstances this would be impossible.

6. *Mr. Robertson* stressed the unfortunate psychological impact on the Nationalist Chinese cause which would be occasioned by Communist Chinese successes in taking Quemoy. It would tend to confirm some public estimates of the weakness of Nationalist Chinese forces. In addition to the obvious loss of face for Nationalist China it would involve the very practical loss of some 50,000 trained troops. So far as the Communists were concerned, a successful attack on Quemoy would free one of the best harbours on the China coast for use in assembling the necessary strength to launch an all-out attack on Formosa itself.

7. *The Chairman* then spoke in more general terms of United States policy towards Communist China. The United States Government was not blind to the realities of the situation. Communist China would not cease to exist by reason of its non-recognition by the United States. The United States Government deplored the aggressive policies of the Communist Chinese Government and, with its allies, had fought against the implementation of those policies in Korea. Communist China was in a different stage of revolution than was the Soviet Union. The latter was better able than Communist China to accept a state of relative quiescence in its relations with the outside world. The revolutionary momentum which had brought the present leaders of China to power had not yet been lost.

8. The Chairman thought that the first adverse press comment on Mr. Attlee's visit to Communist China had been balanced off by later and more favourable comment. The United States Government and the United States public should appreciate the effort which Mr. Attlee had made at his advanced age to accompany Mr. Bevan on the trip and in that manner to ensure that something other than a purely Bevan report on the trip was made to the world at large. Mr. Attlee was a sensible man who had rendered a real service to the United States and the free world and it was indeed fortunate that he had made the trip.

9. *Mr. Heeney* pointed out that Canada's position with respect to Communist China lay somewhere between that of the United Kingdom and the United States. Canada had not recognized the Communist Government but, just before the Korean war broke out, the disposition had existed within the Canadian Government to recognize the facts of Chinese political development no matter how distasteful they might be.[59] There remained in Canada a solid body of opinion of this temper. It was the stated policy of the Canadian Government to consider the establishment of relations with the present Government of mainland China if and when that Government had purged itself of its iniquities. Public opinion in Canada on the subject of Communist China was noticeably different than that in the United States even though it did not go as far as that in the United Kingdom.

10. *The Chairman* said he understood the Canadian position, and added that United States policy was not inflexible. For example, the United States Government has been requested by the United Kingdom Government to consider some moderate relaxation of current trade restrictions with respect to Communist China. The Chairman said that he had told the United Kingdom Ambassador that the United States could not give favourable consideration to such a relaxation at least until after the passage of the foreign aid bills at the next session of Congress. He hoped that if the United Kingdom pressed the matter it would be possible to have a study made which would result in much the same course of action as that taken in the recent past in connection with easing the restrictions on trade with Eastern Europe. The United States had followed this course of action with respect to Eastern Europe, despite doubts as to the wisdom of the action, in deference to the importance of United States-United Kingdom relationships. The United Kingdom had likewise been willing on a number of occasions to meet the United States point of view on Asian matters despite doubts which existed in the United Kingdom of the wisdom of those views. There was then a full realization by the two Governments of each other's problems. The Chairman did not anticipate that serious friction between the Governments would develop over the question of Communist China.

11. The question of the admission of Communist China to the United Nations could be expected to come up annually and it might be anticipated that the majority against admission would decrease each year. It was not beyond the bounds of possibility that the day would come when public and political opinion in the United States might be brought to accept the necessity of admitting Communist China to membership in the General Assembly. The Chairman saw no likelihood, however, that United States opinion could be brought around to accepting the necessity of Chinese Communist membership in the Security Council. Attention would have to be given to the problem of how to deal with this situation.

12. In reference to a question from Mr. Heeney as to Communist Chinese motives in the current attack on Quemoy, the Chairman quoted the opinion of a United Kingdom observer, with which he agreed. There was a possibility that the Communists would undertake an attack on Formosa itself even though it would be destined

[59] Voir/See Volume 16, Documents 1011-1025.

to failure. The failure could be portrayed as a failure in the face of over-whelming odds represented by the presence of the United States Seventh Fleet. By such tactics Communist China would hope to emphasize divisions in the free world coalition and especially differences between the United Kingdom and the United States. To a lesser degree the same arguments might be applied to Communist tactics with respect to Quemoy.

13. *Mr. Robertson* said he could not understand by what process of mental gymnastics members of the United Nations could take action to permit Communist Chinese membership even in the General Assembly, so long as the U.N. resolution declaring Communist China to be an aggressor remained on the record.[60] Nor could he see how the resolution could be withdrawn in the light of Communist violation of the terms of the armistice agreement in Korea and refusal to negotiate any kind of acceptable compromise there. Either the Charter of the United Nations and the resolutions passed by the Organization meant something or they did not. If the latter was the case serious doubts would arise as to the value of the Organization as a whole. The Chairman and Mr. Heeney agreed that the aggressor resolution as it stood was a legal barrier to the admission of Communist China to the United Nations. *Mr. Heeney* believed that some modification in the resolution would be necessary before any action could be taken on the admission of Communist China. He referred again to the Canadian Government's position that no consideration would be given to the question of recognition of Communist China or its admission to the United Nations until the Communist Chinese Government had given some solid indications of an intention to conduct its international relationships by peaceful means.

Europe After EDC

14. The Chairman called on Mr. Bowie to outline the United States attitude on the problems of European integration and German rearmament. When Mr. Bowie asked for some indication as to the extent to which he should go into details of the United States position, *Mr. Heeney* outlined briefly the information which had been made available to the Canadian Government on the situation arising out of French failure to ratify the EDC Treaty. He said that much of the general information had come from the welter of reports from Canadian missions in Europe. So far as the United States attitude was concerned, the Canadian Government was extremely grateful for the frankness with which senior State Department officials had spoken to the officers of the Embassy. He understood that United States representatives would go to the nine-power London meetings with an open mind and prepared to accept any formula acceptable to London, Paris and Bonn which offered hope for genuine Franco-German co-operation in the defence of Europe.

15. *Mr. Bowie* then went on to speak of the views which Chancellor Adenauer had expressed to Mr. Dulles in the course of the latter's recent visit to Europe. Chancellor Adenauer had made it clear that, in his view, the future of Europe depended upon a genuine Franco-German rapprochement leading to an organic unity of Europe. So far as German domestic needs were concerned it was essential that

[60] Voir/See Volume 17, Documents 52-76.

some move be made which would point to the eventual restoration of sovereignty for Germany. Finally German re-armament would have to be achieved in a fashion which would not foreclose on a genuine integration of Europe. Chancellor Adenauer's personal order of priority then was, first to find a suitable basis for Franco-German co-operation, second to provide some means by which sovereignty could be restored to Germany and third to give detailed attention to the problem of German re-armament.

16. The Chancellor was suspicious and distrustful of the methods used by Mendes-France in his handling of the EDC issue and yet he continued to stress the importance of Franco-German rapprochement. He was prepared to go far to meet the genuine fears of France if he could be convinced that Mendes-France was equally seriously interested in achieving a basis for Franco-German co-operation. He had expressed considerable doubts that France really desired such co-operation.

17. The United States Government for its part was disappointed in the latest proposals put forward by Mendes-France and especially in the lack of attention paid in them to problems of the admission of Germany to NATO and German re-armament. The United States realized that Mendes-France would face a difficult parliamentary situation on the question of the admission of Germany to full membership in NATO. On the other hand, the Mendes-France approach with its emphasis on inspection and controls was, in the United States view, too negative an approach. It was thought possible that at the London meetings the French proposals could be modified and made acceptable if Mendes-France came to London prepared to be flexible. Upon one's assessment of Mendes-France's sincerity in achieving at London a real basis for Franco-German co-operation would depend in large measure one's assessment of the likely success of the London meeting. United States representatives were going to the London meetings assuming that Mendes-France had a sincere desire to achieve results but were prepared to recognize that this assessment might be in error.

18. *The Chairman* said that Mendes-France's description of the French plan at Strasbourg had not been encouraging. The French démarche had been received by the State Department only twenty-four hours in advance of the Strasbourg speech and had not itself been encouraging. The question remained as to whether what Mendes-France presented at Strasbourg were final terms or whether they were general suggestions allowing for compromise and modification. If they were the former the situation would be a repetition of what happened at Brussels when the French proposals were presented on a take-it-or-leave-it basis. Mendes-France had later interpreted his failure to achieve acceptance of French proposals on the grounds that his Benelux colleagues refused to negotiate.

19. The Chairman spoke of an exclusive interview which Mendes-France had had with a United States correspondent recently in which he had outlined French requirements so far as European integration was concerned. While the State Department had been pledged to secrecy on the content of the interview pending its publication, it was interesting to record that the interview had been granted solely on the understanding that it would be published in the United States before the nine-power meeting in London got under way. Mendes-France's arguments were

directed to a United States audience and an advance text of the interview was to be in Mr. Dulles hands before he took off for London.

20. *Mr. Heeney* spoke of the deep concern which the situation in Europe following French rejection of the EDC Treaty caused for the Western allies. This was shared by Canada. The Canadian Government realized the grave disappointment which the United States Government must have experienced at the failure of the French to ratify the EDC Treaty and was deeply conscious of the efforts which the United States Government had devoted to the objective of genuine European integration. The Canadian Government shared the United States view on the necessity of greater European integration and the defeat of the EDC Treaty had come as a shock to the Canadian Government. The stability of Western Europe was possibly the most important consideration in Canadian foreign and defence policy. To a certain extent then, Canada's pre-London position was much the same as that of the United States. Canadian representatives would approach the meetings with an open mind not ruling out any formula which might appear to provide a basis for genuine Franco-German co-operation.

21. At the same time, the Canadian Government had grounds for concern in the limited information coming to it of the re-appraisal of the United States thinking with respect to Western Europe which seemed to be taking place. At this most critical time in the formation of United States policy German popularity seemed to have soared to new heights and French stock to have fallen to an all-time low. It was evident that, unless some new and satisfactory arrangements for genuine Franco-German co-operation could be arrived at speedily, the Administration would face great difficulties in the forthcoming session of Congress. While the grounds for United States skepticism as to French intentions and capabilities were well understood by the Canadian Government and were in fact shared to some extent, nevertheless, the Canadian Government attached critical importance to the maintenance of France in the political and military coalition of the free world. Perhaps the information as to French intentions which had come to the Canadian Government was not quite as pessimistic as that received by the United States.

22. The Canadian Government was given some advance knowledge of what was contained in Mendes-France's Strasbourg speech. At the same time the Canadian representative at NATO in Paris had been assured that France accepted the necessity of German membership in NATO, and that this was an integral part of the French approach to the problem. The Canadian Government believed that both France and Germany must be part of NATO and hoped that the main feature of any substitute for the EDC would be an Atlantic feature. From the reports which it had received, the Canadian Government got the impression that Chancellor Adenauer was less than enthusiastic at the approach to the problem through the Brussels Treaty. The Chancellor seemed to be worried that United Kingdom participation in an enlarged Brussels Treaty might in fact put a ceiling on European integration in contrast to what would have been possible under the terms of the EDC Treaty.

23. *The Chairman* said that the United States Government had let both the German and French Governments know that the United States would support any solution arrived at in London which was acceptable to both parties. The United States

preferred some formula which would provide for the admission to NATO of Germany simultaneously with her adherence to the Brussels Treaty. Time was running out for Chancellor Adenauer and if Adenauer were gone the difficulties of achieving a settlement in Europe would be increased tremendously. The Chairman would be highly pessimistic of Europe's future with a German national army rattling about in it. Yet this development could not be prevented unless something was done soon. The possibility could not be ruled out that the Soviet Union might make a dramatic move to attract the Germans. There were already groups in Germany, although they constituted only minority groups at the moment, who believed that they could make terms with the Russians. It was their opinion that after a relatively brief period of difficulty the German tail could wag the Russian dog. The Chairman said that while he regarded this as a completely mistaken interpretation such opinion did exist.

24. If, at the London meetings, France exercised its veto on European integration by calling for restrictions on Germany which Chancellor Adenauer could not accept, it might be necessary for the Western alliance to follow "the tactic of the vacant chair" for a time. There were alternatives, of course, and on some of these the United States had reached a large measure of agreement with the United Kingdom. It was the Chairman's personal view that the Spanish bases treaty had changed the strategic picture considerably. There were other developments in addition, the more forthcoming attitude of such Middle Eastern countries as Iran and Iraq and the Turkish-Pakistan agreement, which strengthened this personal view. These developments might make possible an alternative strategy for the defence of Europe even though it would be infinitely less satisfactory than that which had been envisaged as arising out of ratification of the EDC Treaty.

25. *Mr. Léger* believed that France would not agree to the Brussels Treaty formula unless the United Kingdom were more closely tied to it. Canada had never been completely convinced of the United Kingdom argument that Commonwealth responsibilities made it impossible for the United Kingdom to involve itself too closely in the defence of Europe. Canada would, in fact, welcome a closer integration of the United Kingdom in European defence if that would solve the problem of Franco-German co-operation. The Canadian Government believed that Mendes-France might be willing to stake the life of his Government on acceptance by the French parliament of any solution reached at the London meetings. There was no way to be sure, however, of this.

26. *Mr. Bowie* said that Mr. Eden, in his recent conversations with Mendes-France, had been assured that the latter would put a package deal to the French parliament as a matter of confidence and that the package would include acceptance of a revised Brussels Treaty, German admission to NATO and the restoration of German sovereignty. No mention had been made by Mendes-France of discriminatory restrictions against Germans.

27. *The Chairman* reminded the meeting that Mr. Churchill had never really believed in the EDC Treaty but had deferred, with many personal reservations, to the advice of his Cabinet on the matter. He was now, however, strongly in favour

of solution of the problem through an expanded Brussels Treaty and the concurrent admission of Germany to full membership in NATO.

28. *Mr. Léger* was sure the Chairman would realize what special problems were created for Canada when the fate of France was under consideration and it was conceivable that Canada might not be completely in step with the United States and the United Kingdom in these circumstances. It was worth remembering that, no matter how low French morale might be at this moment, it was as high as any morale in Europe would be if France were excluded from full participation in the Western alliance. The influence of a neutral France over its immediate European neighbours would be tremendous, and the alternative strategy touched on by the Chairman would in fact effectively neutralize France. Such a neutralization of France would be the first step towards the neutralization of Europe. In West Germany and the Benelux countries such a development would cause extreme anxiety and bring morale to the low point at which it now stood in France. Canada would hope and expect that this situation could not be allowed to develop.

29. *The Chairman* appreciated these arguments fully. It was for just such reasons that the United States would negotiate with the French without any spirit of resentment. The United States Government had been shocked, not so much at the failure of EDC as it had been at the methods employed by Mendes-France. This was particularly true after the personal assurances which he had offered senior United States representatives. His actions at Brussels and before the French parliament invited rejection of the EDC. It was the United States view that he should have made a stronger effort on behalf of the Treaty even though it might still have been defeated. French actions with respect to Indo-China were equally disturbing. Mendes-France seemed to have forgotten that Indo-China existed. The United States Government knew full well the problems presented for France here as well as in Europe. On the other hand the United States had invested heavily in Indo-China, in money, in military aid and in political support. Soldiers had every right to ask United States political advisers if, in the light of recent developments in Europe and in Indo-China, France could be considered sufficiently stable as a base of operations through which the soldiers could run their major lines of communication. If no such assurance could be offered, another look at the agreed strategy for the defence of Europe might be necessary. The last war had been fought without much French support except that of the Resistance which, in any struggle with the Soviet Union would, of course, be on the other side.

30. *Mr. Heeney* said that it was only fair to point out the great anxiety which would be aroused in Canada and elsewhere in the alliance by any such basic revision in United States strategy for the defence of Europe. It was essential that, in spite of the justifiable impatience and disappointment which the United States and other Western Governments felt over the behaviour with respect to Europe and Indo-China of successive French Governments, every effort continue to be made to bring the French along with us. The alternative might well be the loss of whatever chance existed to have France an effective partner in any durable European alliance. And for Canada there could be no durable alliance without France.

31. *The Chairman* agreed that neither diplomats nor soldiers could afford the luxury of impatience. For the United States, however, immediate problems were involved. Vast amounts of United States funds had been spent in Indo-China, and the Administration had gone far out on a limb before Congress to support French actions in Indo-China. Both he and Admiral Radford had gone before Congressional committees to give enthusiastic support to the Navarre Plan for bringing the war in Indo-China to a successful conclusion. It had been a good plan on paper and if energetically pursued would have produced a position of strength for the French. It was not carried out energetically. If an American general had been in place of the French commander responsible for the prosecution of the Navarre Plan he would have been court-martialled. The Administration had pinned a lot of faith on the necessity and the possibility of genuine Franco-German accord. The United States security investment in Europe could not be protected by the United States alone. If the London talks failed the Administration would face real trouble in Congress. There was relatively firm agreement with the United Kingdom on what the first alternative would be. No alternatives under consideration, however, would rule out France if she were willing to participate effectively. Every alternative would be pursued, so far as the United States was concerned, with extreme caution for the Administration was acutely aware of the dangers of engendering European neutrality by any hasty actions which might seem to run counter to Europe's best interests.

32. *Admiral Radford* stressed the shortness of the time in which some concrete action would have to be taken. The United States had immense military commitments in Europe and he was fearful that the Pentagon could not get Congressional sanction for their continuance, unless some satisfactory evidence could be produced of a willingness on the part of Europe to assist in its own defence. The period of manoeuvre could only be until defence expenditures came before Congress early next spring.

33. *Mr. Bowie* stressed the United States belief that Chancellor Adenauer also had only limited time, possibly only a matter of months. He went on to say that Chancellor Adenauer was somewhat fearful that acceptance of an enlarged Brussels Treaty might lead to difficulties if the United Kingdom placed too stringent limits on the extent of its co-operation with the Treaty Group. It was possible, therefore, that the United Kingdom attitude in this context would create a problem. Canada and the United States might be able to help to prevent this problem from arising. *Mr. Heeney* said that Canada was looking for a satisfactory pragmatic solution to the problem and might not be as wedded to the idea of integration *per se* as the United States Government and Chancellor Adenauer might be.

34. *Admiral Radford* expressed the fear that in the effort to get a political settlement, arrangements might be agreed to which would make defence of Europe impossible.

35. *General Foulkes* agreed with Admiral Radford that time was an important factor. The military might have to accept something less in the way of political settlement than was desirable and it should be borne in mind that there were limits as to what political arrangements were defensible. He thought that General Gruenther at the moment was labouring under severe psychological handicaps in

building the strength of NATO. The attitude of the red pencil was everywhere evident in the desire of governments to cut down their commitments and this psychology could well ruin the Western efforts of the last four years to build up a position of strength in Europe.

36. France could not be written off as a partner in the defence of Europe. It was essential to the plan under which General Gruenther now operated to have depth. General Foulkes could not visualize any successful tactics against Soviet forces without French real estate under our control. The state of morale in the French General Staff had always been a problem. The difficulties stemmed from the division between deGaullist and Vichy supporters. One of the main purposes of the EDC had been to attempt to revivify the French *esprit de corps* by throwing the French General Staff into competition with other General Staffs within the alliance. There could be no improvement in the military capabilities of the French army until the *esprit* of the officer corps was strengthened. No matter what the condition of the French army was at the moment, the alliance could no more do without the ten French divisions than it could do without the twelve German divisions.

37. There was a new danger arising out of the recent studies of the effects of atomic fall-out that a further wave of neutralism might soon sweep over Europe. It could be expected that the effects of fall-out would soon become better known to the public and might well engender the belief that it would be better to be a live Communist than a dead Westerner. The urgency therefore of some definitive action to weld France and Germany together in the defence of Europe could not be overstressed.

38. The recent action of the United States Chiefs of Staff in informing NATO that no further progress could be made in capabilities studies until the German situation was clarified was but one indication of the need for urgent settlement. If it was impossible to proceed with the capabilities study NATO efforts would grind to a halt and the hard work of the post-war years would all have been in vain. The military might have to accept some unpleasant political realities but it was essential that the NATO spirit be kept alive.

39. *The Chairman* brought this portion of the discussion to a close with an expression of the hope that we would not have to accept a situation similar to that which Churchill had described in another day as the lowest common denominator of all our apprehensions.

Soviet Intentions and the Soviet Threat

40. *Mr. Bowie* said that there had not been much change in the United States estimate of Soviet intentions since the last meeting of consultation. A summary of the latest agreed intelligence would soon be printed for distribution to the Canadian Government.

41. There seemed to be no prospect of major instability in the Soviet régime. Any conflicts for power or policy differences within the ruling group would probably be resolved within the confines of that group. There was no change in Soviet relations with the satellite countries. Possible friction between the Soviet Union and Communist China might develop but it was estimated that the cohesive forces in the alliance over-balanced the divisive forces. Internally it was thought that the chief

emphasis would continue to be placed on heavy industry although no substantial increase in military expenditures was expected within the next year. The Soviet Union would continue to be plagued with agricultural problems. It was estimated that the Soviet stockpile of nuclear weapons would be increased. It was also estimated that there would be an increase in the capabilities of the Soviet Union to deliver nuclear weapons. There was no evidence of any likely change in Soviet policy which would make war more imminent. On the other hand, there were no signs that the Soviet Union had any intention of moderating the cold war even though it involved the continual risk of world conflict. It was not thought that the Soviet Union would be deterred by fear of the outbreak of a general war from acting to counter any moves by the free world which it considered would pose an imminent threat to Soviet security. The Soviet Union would probably remain extremely reluctant to precipitate a contest in which it would expect to be subjected to nuclear attack. The Soviet Union might estimate, however, that its increasing strength in nuclear weapons would serve to balance out the advantage formerly held by the West and leave the Soviet Union in a commanding position because of its preponderance of ground forces. The Kremlin might be led to the belief that, because of the growth of Soviet nuclear strength, there would develop an increasing reluctance on the part of the United States and its allies to risk a general war.

42. The United Kingdom estimate of Soviet intentions was in substantial agreement with this United States estimate. Possibly the United Kingdom estimate laid greater emphasis on the prospect of a split between China and the Soviet Union. There was a tendency also in the United Kingdom estimate to place more faith on negotiation as a means to settle cold war problems.

43. *Mr. Barbour* suggested that Soviet tactics rather than Soviet policy might give us cause for concern. The appearance of flexibility and apparent reasonableness on the part of the Soviet Union created difficulties especially in its effect on neutralist nations. It had been discovered at Berlin, however, that when the chips were down the Soviet Union was not willing to move towards a real compromise. The Western Powers would have to continue to attempt to reveal, despite the appearance of surface reasonableness, that the Soviet Union remained committed to its long-stated policies. *Mr. Heeney* commented that there seemed to be no difference in the Canadian estimate of the situation.

44. *The Chairman* spoke briefly of the latest Soviet explosion of a nuclear weapon and said that although detailed consideration had not yet been given to the explosion by United States authorities a few preliminary observations occurred to him. The explosion had occurred at a place where there had been no previous experiments. It occurred when other top Communist brass were visiting the Soviet Union. It might, therefore, have been a demonstration to impress the visiting satellite representatives. There was some reason to suspect, in addition, that the weapon had been a guided missile with an atomic warhead. *Mr. Bryce* indicated that he had heard similar opinions expressed by experts in Canada.

45. In the absence of Admiral Radford from the meeting for a few moments, *the Chairman* mentioned two recent actions taken by the United States Government which might be of interest to the meeting, one concerning Trieste and the other

flood relief in India. The prospects for a settlement of the Trieste question looked good. It was to assist in a solution of this problem that Mr. Murphy, the Deputy Under-Secretary, had made his recent visit to Europe. He had gone to Yugoslavia as the allied spokesman for a common plan. His visit to Bonn had been merely a covering operation. Mr. Murphy's discussions with Tito were in the nature of a final bid and he got a quick and favourable decision from Tito.

46. The Chairman indicated that the United States had a week ago made a formal offer of flood relief to India on a government-to-government basis with no strings attached. It was suggested by the Indian Ambassador that the offer might be made to the Red Cross which in turn would offer aid to India. The United States Government had refused to accept this camouflage on the grounds that the Indian Government should be able to accept an act inspired only by humanitarian motives. No reply had been received as yet from the Indian Government. The Indian Ambassador at the same time had given some mild indications of Indian interest in participating in a programme for the peaceful uses of atomic energy.

47. *Admiral Radford* then spoke of the United States estimate of the Soviet threat to North America. The one big change in the situation since the last meeting of consultation he said had been the appearance of the latest Soviet jet bombers at the Soviet air show last May Day. They seemed to indicate that the Soviet Union had given up on the development of turbo-jet planes and was concentrating on twin-engine and four-engine jets. Display of the latter suggested that the Soviet Union was progressing faster and further than the West's development of this type of aircraft. He, himself, had found it hard to believe the evidence of his experts that the Soviet Union could be so far ahead in the production of big jet aircraft. An exhaustive research was being conducted of the whole jet programme in the United States. While it was possible that the planes which were seen at the Soviet air show were not equipped with the big engines for which they were obviously built, their appearance was very disturbing indeed. If the rate of Soviet progress of the last two years was continued over the next three years it could have a serious impact on the extent of the Soviet threat to North America. Except in the field of jet aircraft, there was no great change in the estimated strength, disposition and intentions of the Soviet armed forces. General Foulkes said that Admiral Radford's estimate coincided with that held by the Canadian Chiefs of Staff. A discussion ensued between General Foulkes and Admiral Radford as to whether the Soviet T-31 aircraft may be used for refuelling jet aircraft while in flight. Admiral Radford went on to say that it was one of the most disturbing features of the situation that in spite of the fact that the new engines must have been developed over a three of four year period there had been no advance intelligence from anywhere in the free world on the new aircraft. The Chairman added some remarks in this context which were not for the record.

Continental Defence: Report on the Mid-Canada Line

48. *General Foulkes* distributed two maps to the meeting diagramming the early warning chains completed, under construction and proposed, in Canada, and went on to report on the progress on the mid-Canada line.

49. At the last meeting of consultation in March the progress in reconnaissance and planning on the early warning chain had been reported. The reconnaissance of the line had just been commenced and a joint System Engineering Group had been set up to agree on operational requirements and specifications for equipment and actual siting of the stations. At that time he had expressed the hope that the chain would be in operation by the end of 1956. In spite of increased difficulties of physical siting and of differences of technical views it was still the hope of the Canadian Chiefs of Staff that the line would be in operation by late 1956. The Canadian Chiefs of Staff had produced an estimate of costs on the line in July and the Canadian Government had decided to proceed with the chain as a Canadian project. The Canadian government had seen advantages in one authority for the line in that decisions could be arrived at more expeditiously. The work had been placed with one contractor. Sooner or later a decision had to be taken to stop development and get into production and it was thought that this decision could be taken easier if only one authority was involved. Some arbitrary decisions have had to be taken by the Canadian Chief but the chain will meet the operational requirements of both air forces.

50. The reconnaissance was now finished and detailed maps were being prepared. The engineering studies had been completed and the Canadian Chiefs of Staff had settled on the type of early warning network to be employed. Five plans for linking the line on the east and west coasts with the seaward extensions were now before the USAF. The material for construction of the stations would be stockpiled this winter by tractor train and actual construction would commence in the spring. A test section was being assembled for final trials of equipment. The siting of the line was such that as and when improvements were made, new equipment could be installed.

51. Four systems had been studied:

(a) The Mark I Doppler System of two lines with stations 35 miles apart and the lines two miles apart.

(b) The Mark II Doppler System in line with inverted stations giving the same results as two lines of stations. These were supplemented by identification radars at the gates of most heavy traffic.

(c) A composite line consisting of the Mark II Doppler System with radios every 120 miles, and finally,

(d) The Lincoln Composite System consisting of a single line of radios 100 miles apart with low cover provided by the Doppler System.

The Canadian Chiefs of Staff had decided on September 21 that the Mark II Doppler System would be used. It gave cover from 200 to 60,000 feet. It was less susceptible to false alarm from birds. It was cheaper to construct and operate and it could be operated with teletype communication. It would require the disciplining of civilian flying in peacetime which was felt to be essential in easing the strain of wartime identification.

52. General Foulkes indicated that the Canadian Chiefs of Staff had been somewhat concerned with the gap in early warning which existed between Labrador and Greenland. At present there would be only five to ten minutes early warning for the

important United States bases in Newfoundland. Admiral Radford indicated that no firm answer could be given at the moment as to what was regarded as practical in this respect by the United States Chiefs of Staff but indicated that the matter was under intensive study.

Press Release on the Distant Early Warning Line

53. Agreement was reached on the wording of the proposed joint announcement by the two Governments with respect to the agreement in principle between them on the need for construction of the distant early warning line across the far northern part of North America. The Canadian draft statement with one change suggested by the United States Chiefs of Staff was accepted and it was agreed that the release should be made at noon on September 27.

Revised Weapons System

54. *General Foulkes* said that the Canadian Chiefs of Staff had been giving some thought to the problem of re-appraisal of continental defence in the light of the rather meagre information which had been made available to them regarding the effects of atomic fall-out. It had to be assumed that sooner or later the Russians would have accumulated as much information on fall-out as is available to our side. Mention of fall-out had already been made in *Pravda* and it had to be assumed that some day the Russians would realize the advantages of the discovery for them. This could have a very serious effect on the joint arrangements between Canada and the United States for the defence of North America. It might mean that the Russians would need fewer bombers to accomplish the same task of neutralization than they required earlier. The permissible error of weapon delivery was greatly increased and might therefore reduce the need for highly skilled bomb-aimers and for accurate blind-bombing radar equipment. These two factors together, that is, smaller requirements of bombs and aircraft and the reduction in requirements of skilled personnel and technicians, might bring the Soviet Union to believe that it had sufficient potential to conduct a crippling attack on the United States retaliatory capacity. This realization might advance the date on which the Soviet Union would be prepared to risk a third world war. Reduction in the permissible error of weapon delivery might affect the schedule of inter-continental weapons. Many of the problems of propulsion and guidance of inter-continental weapons would be simplified if the fall-out effect of atomic weapons was taken into consideration. If this theory was substantiated, it might be possible for the Russians to move ahead the development of inter-continental weapons now estimated for the period between 1960 and 1962 to perhaps 1959 to 1960. Western calculations on Russian achievements in the aeronautics and thermo-nuclear fields have been in error in the past and this might prove to be the case with respect to inter-continental weapons. These factors taken together have led the Canadian Chiefs of Staff to believe that a re-appraisal of joint plans for continental defence taking into consideration the effect of atomic fall-out was urgently required.

55. The problem of the speed of Soviet development of new weapons had serious implications for both Canada and the United States but particularly for Canada, especially if the present arrangements for development and production of its own air defence weapons was to be continued. Even the present situation gave some

cause for alarm. In 1946 the Canadian Government had taken a decision to develop an all-weather fighter aircraft for continental defence. Its specifications were written to meet the threat of the TU-4. It took until 1954 to put this aircraft into Canadian fighter squadrons. By the end of 1954 a fairly reasonable defence could be provided, therefore, against the TU-4. However, the Russian introduction of the Type-37 and Type-39 aircraft, if the assessment of the experts regarding these aircraft was correct, made inadequate the CF-100 aircraft which was just being delivered to Canadian squadrons. It was thought to be as much as 5,000 feet short of the T-39's ceiling. Last year the Canadian Government took a decision to produce a successor to this aircraft and the specifications were drawn up before there was any knowledge of the T-37. It was not expected to be available for squadron use much before 1960. If the Russians, therefore, were able to produce sufficient T-37 aircraft to attack North America before 1960 there would be nothing capable of dealing with the threat. Furthermore, if inter-continental weapons such as the ballistic rocket were developed by 1960 even the new Canadian fighter aircraft could not deal with them.

56. General Foulkes said that he mentioned these difficulties to emphasize the need for more positive joint action in preparing to meet the new threat, in which in the opinion of the Canadian Chiefs of Staff there was no time for unilateral development of new weapons. There was some doubt, in addition, as to whether there was sufficient scientific technical ability in Canada to go ahead in these more advanced fields of air defence weapons. He said he was speaking now of sophisticated types of air-to-air and ground-to-air guided missiles with atomic warheads. The Canadian Chiefs of Staff considered that the stage was rapidly being reached where the development of a suitable weapons system for the defence of North America had to be a *joint operation* in almost every aspect. General Foulkes said he was well aware that the suggestion raised many technical, legal and political obstacles. On the other hand he believed that if the obstacles were not surmounted our joint survival might be in danger. General Foulkes made four suggestions as to how the problem might be attacked:

(a) There should be a joint study to define clearly the effects of fall-out. This would have to be a scientific study and would raise security difficulties under United States regulations.

(b) After the effect of fall-out had been defined clearly enough for the military to understand it there should be a study of the effect of fall-out on the plans for the defence of North America.

(c) When the effects of fall-out on joint plans for the defence of North America were considered the weapons system should be re-examined in the light of the considerations which had been arrived at in the first two studies, and,

(d) There should be a further study to find a joint approach to the implementation of the revised weapons system.

57. General Foulkes said that it would not be enough to meet the problem for the United States to assume the responsibility of developing the weapons system and then providing Canada with the weapons. An aircraft industry had been developed in Canada for defensive purposes which could not be abandoned. Purchase from

the United States of the bulk of the weapons to be used by Canadian forces would soon cause serious financial problems for Canada. If the full support of the Canadian people was to be achieved the matter would have to be put to them as a joint effort. Finally if Canadian forces were to operate the new weapons then Canadian technicians and scientists should take part in their development and the Canadian defence industries should take some part in their production.

58. *The Chairman* said that his personal reaction to the suggestions made by General Foulkes was favourable. He thought that if the suggestions were raised formally with the United States Government it would be possible to remove any security barriers which exist. Admiral Radford agreed with the Chairman and suggested that the matter might be raised in the P.J.B.D.

59. General Foulkes and Mr. Heeney thought that the Chiefs of Staff channel might be a better channel to use to initiate the approach. After some discussion it was agreed that the matter should be raised with Admiral Radford in a letter from General Foulkes.

60. In the course of the discussion *Mr. Bryce* underlined the concern of the Canadian Government with the future of the Canadian aircraft industry. He said, in addition, that it had been extremely difficult to convince Ministers of the Canadian Government that there was no alternative to Canadian development of the supersonic aircraft.

60. *The Chairman* said that while he would not wish to minimize the difficulties of implementing the suggestions made by General Foulkes, he thought that something could be worked out. The problem of gaining Congressional sanction for United States co-operation with the United Kingdom on intelligence matters had seemed equally difficult at first but after some convincing Congress had decided to "interpose no objections" to the exchange of information.

62. Some brief attention was devoted to next steps so far as the distant early warning line was concerned. It was agreed on both sides that current progress on the planning of the line was completely satisfactory.

63. *Mr. Léger* said that, as the United States representatives knew, Canada had reluctantly accepted the invitation offered by the Geneva Conference powers to serve on the International Supervisory Commissions in Indo-China. Much of the time of the Commissions so far had been taken up with necessary administrative arrangements. The Canadian Government would, however, make every effort to keep United States authorities informed of any important developments of substance arising out of the work of the Commissions. He said that so far the Polish members had not caused any difficulties.

64. Admiral Radford informed the group that since the last meeting of consultation a unified command for continental defence had been established within the United States services. It was expected that this re-organization would assist in the speedier handling of matters connected with continental defence.

65. The meeting ended with expressions from both sides of the value of meetings such as this.

SECTION D

SYSTÈME DE DÉFENSE RADAR : RÉSEAU PINETREE
RADAR DEFENCE SYSTEM: PINETREE LINE

494. PCO

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

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 185-54 [Ottawa], September 7, 1954

SECRET

UNITED STATES AIR FORCE REQUEST TO CARRY OUT SURVEYS FOR AIR STRIPS ADJACENT TO PINETREE RADAR STATIONS IN LABRADOR

An important element of the Pinetree radar project which was approved by an Exchange of Notes between Canada and the United States on August 1, 1951, is the chain of radar stations extending from Frobisher Bay on Baffin Island, down the Coast of Labrador and Newfoundland to St. John's.[61] When the Pinetree project was originally planned it was realized that due to ice conditions some means of supplementing the sea re-supply of the Labrador and Northern Newfoundland radar stations would have to be provided. (There is, of course, an air strip already in existence at Frobisher Bay on Baffin Island, and construction of an air strip at Resolution Island was authorized last May). It was hoped that it would be possible to use helicopters but this has not proved feasible. The Exchange of Notes of August 1, 1951, authorizing the Pinetree project, made provision for this situation in the following terms:

"5. Within the sites made available to the United States . . ., the United States . . . may do whatever is necessary or appropriate to the carrying out of its responsibility in Canada in connection with the construction, equipment and operation of the extension in accordance with this note, including:

(a) construction, installation and operation of the necessary structures, facilities and equipment, and such improvement of the sites as may be required to fit them for their intended use, PROVIDED that there shall be prior consultation with the appropriate Canadian authorities with respect to all major construction . . ."

2. The United States Embassy, in Note No. 18 dated July 20, 1954, (copy attached), has now requested permission for the United States Air Force to carry out surveys preliminary to the construction of air strips in connection with the radar stations at St. Anthony, Newfoundland (Station No. N-26) and at Cartwright and Hopedale, Labrador (No. N-27 and No. N-28). The air strips which the United States Air Force wishes to build will be made of gravel, approximately 2,500 feet

[61] Voir/See Volume 17, Documents 671-673.

long and 100 feet wide. They will be suitable only for the light aircraft used in the re-supply of the radar stations; i.e. Beaver and/or C-47 aircraft.

Recommendations

3. The Secretary of State for External Affairs, with the concurrence of the Minister of National Defence, recommends:

(a) that the Department of External Affairs be authorized to send to the United States Embassy the attached draft Note concurring in the United States request for authority to carry out surveys for proposed air strips at St. Anthony, Newfoundland, and Cartwright and Hopedale, Labrador; and

(b) that, when in due course a request is received from the United States Government for permission to construct the air strips, the Department of External Affairs be authorized, after consultation with the Department of National Defence, to approve the request in accordance with the provisions of the Exchange of Notes of August 1, 1951, and subject to the condition that the air strips should not be used by the United States Air Force for any purpose other than the re-supply of the radar stations without the express approval of the Canadian Government, and that they should be available for use by the Royal Canadian Air Force if required.[62]

L.B. PEARSON

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note de l'ambassade des États-Unis

Note from Embassy of United States

NOTE NO. 18 Ottawa, July 20, 1954

SECRET

The Ambassador of the United States of America presents his compliments to the Secretary of State for External Affairs and, with reference to the Aircraft Communications and Warning Stations at St. Anthony, Newfoundland (N-26), and at Cartwright and Hopedale, Labrador (N-27 and N-28), has the honor to recall that initial planning provided for helicopter pads in the vicinity of each of these stations in the expectation that support by helicopter would largely satisfy support requirements.

However, observations for the past several months have clearly indicated that while these sites are relatively near their support base, weather conditions and other factors combine to effectively isolate them. In this connection, the following considerations are pertinent:

Each site is manned by ten officers and 115 airmen. Approximately five tons of mail, electronic communication spare parts, perishable foodstuff, and personnel require airlift to each site each month. Exclusive of emergency evacuations, it is estimated that approximately ten personnel must be removed to and from each site each month.

[62] Approuvé par le Cabinet le 8 septembre 1954/Approved by Cabinet, September 8, 1954.

Transportation by amphibious aircraft can be made in the open water areas during the summer months. However, this type of transportation becomes extremely hazardous and cannot be utilized during part of the year, especially during the early spring and early fall due to the free air temperature causing ice formation on the aircraft hull during landing and take off and while on the water.

The general limitations of helicopters preclude their use for the full time support of these facilities.

In view of the foregoing, the United States Air Force is considering the possibility of constructing airstrips at the three sites and has requested the Ambassador to seek the permission of the Canadian Government to conduct surveys to determine the feasibility of the project.

In support of its request, the United States Air Force has stated that it would welcome Canadian participation in the surveys; that, if the surveys indicate that the airstrips are feasible, it will request Canadian Government approval before undertaking any construction, and that the airstrips it has in mind would be of compacted gravel, measure approximately 2,500 feet by 100 feet, and be capable of handling L-20 and/or C-47 aircraft.

The Ambassador would be grateful if Mr. Pearson would submit this request to the appropriate Canadian authorities and inform him in due course of their decision.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Projet d'une Note

Draft Note

No. ____ Ottawa, ____ 1954

SECRET

The Secretary of State for External Affairs presents his compliments to the Chargé d'Affaires of the Embassy of the United States of America and has the honour to refer to the Embassy's Note No. 18 of July 20, 1954, requesting permission for the United States Air Force to conduct surveys to determine the feasibility of constructing airstrips at the Aircraft Communications and Warning Stations at St. Anthony, Newfoundland (N-26), and at Cartwright and Hopedale, Labrador (N-27 and N-28).

The Secretary of State for External Affairs is pleased to state that approval is granted for the conduct of the surveys described in the Embassy's Note.

It is noted that Canadian participation on the surveys would be welcomed. The Royal Canadian Air Force will provide an observer to accompany the survey parties. It is requested that the United States Air Force approach the Royal Canadian Air Force through service channels in order to settle the details of this Royal Canadian Air Force participation.

It is also noted that the approval of the Canadian Government will be sought before any construction is undertaken.

495. DEA/50210-40

Note

NO. D-293 Ottawa, December 14, 1954

SECRET

The Secretary of State for External Affairs presents his compliments to His Excellency the Ambassador of the United States of America and has the honour to refer to the Notes which have been exchanged in the course of the last seven months concerning the proposed construction by the United States Air Force of air strips at the United States Air Force Aircraft Control and Warning Stations at Resolution Island, Hopedale, Cartwright and St. Anthony.

In reviewing the progress of the projects to construct the above-mentioned air strips, the Canadian authorities have noted that the Canadian Government has not expressly stated in the form of a diplomatic Note its approval of the construction and use by the United States Air Force of the air strips which were constructed some time ago at the Aircraft Control and Warning Stations at Saglek, Labrador (Newfoundland), and at Puntzi Mountain, British Columbia.

Accordingly, the Canadian Government is pleased to state that it approves of the construction and operation of the air strips at Saglek and Puntzi Mountain, subject to the provisions of the Exchange of Notes of August 1, 1951, between Canada and the United States of America, constituting an Agreement regarding the extension and co-ordination of the continental radar defence system, and in particular to the provision of paragraph 5 (a) of Note No. 454 of August 1, 1951, from the Canadian Ambassador in Washington to the Secretary of State of the United States. This paragraph requires that there shall be prior consultation with respect to all major construction and the installation of all major equipment. In the event of any further major construction being contemplated, such consultation might, if the United States Air Force so desires, be undertaken in the first instance through Service channels.

In addition, the approval of the Canadian Government is subject to the following conditions:

(a) The air strips are used, and will be used, by the United States Air Force solely for the support of the Aircraft Control and Warning Stations at those places.

(b) If the United States Air Force should desire at any time to use the air strips for other purposes, requests should be forwarded through appropriate channels.

(c) The air strips shall be available for use by the Royal Canadian Air Force, if required.

(d) The air strips shall also be available for use by Canadian civil air carriers operating into or through the area concerned, provided that this right will be exercised only after any proposal to use the air strips has been submitted through the

Royal Canadian Air Force to the United States Air Force to ensure that it will not conflict with military requirements, and subject to the understanding that the United States Air Force will not be responsible for the provision of accommodation, fuel or servicing facilities of any kind. This condition is, however, without prejudice to arrangements which may already be in existence for the use of the air strips by Canadian civil air carriers.

(e) The United States Air Force will forward to the Royal Canadian Air Force through Service channels complete descriptions of the air strips, including their exact location, dimensions and orientation, the type of surface, the nature of the adjacent terrain and the location of obstructions in the vicinity (especially those in the approach areas to the strips).

The Canadian Government wishes to state further that the above conditions also apply to the use by the United States Air Force of the air strip at the Aircraft Control and Warning Station at Resolution Island, N.W.T., in addition to the conditions set forth in Note No. D-126 of May 19, 1954.

R.A. MACKAY

SECTION E

INSTALLATIONS DU RÉSEAU DE TÉLÉCOMMUNICATIONS DES ÉTATS-UNIS
UNITED STATES COMMUNICATIONS FACILITIES

496. DEA/3682-40

Résumé d'une réunion non officielle

Summary of Informal Meeting

SECRET Ottawa, June 8, 1954

CANADA-U.S. COMMUNICATIONS PROBLEMS

The following were present:
Department of External Affairs
M.H. Wershof, Acting Assistant Under-Secretary
B. Rogers, Head of Defence Liaison (1) Division
O.G. Stoner, Economic Division
K.C. Brown, Defence Liaison (1) Division
Department of Transport
G.C.W. Browne, Controller of Telecommunications
C.M. Brant, Superintendant of Radio Regulations
W.A. Caton, Chief Inspector of Radio
H.R. Newcombe, Asst. Chief, Frequency Allocation Section
Department of National Defence
G/C K.C. Cameron, Director of Telecommunications

Mr. Browne referred to the fact that the Departments of Transport, National Defence and External Affairs have been aware for several weeks of the desire of the United States Air Force to use temporarily a small parcel of land at St. John's-Cape Spear, Newfoundland, for the purpose of conducting communications tests,

using the ionospheric scatter technique to broadcast to the Azores. He said he had agreed, in consultation with National Defence, that the meeting should be held because of the importance of a number of problems connected with the project. In particular, he was concerned lest the tests should be followed by the establishment of an operational military requirement and the expenditure of large sums of money on installations in which U.S. commercial interests (specifically AT & T) would have a major stake. If this were to happen, pressure could easily develop for the operation of the circuit for commercial purposes. The circuit, might feel it was morally obligated to permit its use commercially. Certainly Canadian commercial interests would suffer as they would not be able to duplicate installations already in operation.

G/C Cameron said that National Defence considers projects of this kind purely from the defence aspect, ignoring diplomatic, economic and other considerations. He thought it was important that some group or agency should be considering the broad picture.

He mentioned that Canadian National Telegraphs is now negotiating through the Canadian Government for the purchase from the U.S. Government of land lines and plant in Newfoundland. If microwave transmission were to become operational, CNT might lose the U.S. traffic on which it is counting. He said he understood that the Bell Telephone Company (New York) is proceeding with plans for microwave installations in Newfoundland and for the training of technicians to operate them.

Mr. Browne said there was evidence that the U.S. was disregarding certain stipulations concerning radio installations in Canada. For example, a 50 kw. transmitter had been installed at Goose Bay, where only 10 kw. were authorized.

Mr. Wershof emphasized:

(a) In authorizing new projects (experimental or otherwise), External can consider including any stipulations which DOT wants.

(b) External can always enquire about the progress of projects already authorized.

(c) If DOT wishes, External can always tell the U.S. Embassy we suspect that an experimental project is becoming operational without authority.

(d) If an operational requirement for defence purposes were established, External would recommend the necessary authorization, after consultation with interested departments. However, it could be made clear that such authorization in no way implied authorization of use for commercial purposes, either now or at any time in the future.

G/C Cameron said that there is no long-range frequency policy, looking forward to 1960 or 1965, with regard to U.S. operations in Canada in the radio field, and that such a policy is needed.

Mr. Brant said that his department was responsible for developing such a policy and that the question was constantly under review.

He then said that, with the repeal of the Emergency Powers Act, DOT is now required to list all U.S. radio installations in Canada. The U.S. Embassy should be

asked for such a list and should be told that only installations which are on the list can be authorized to operate.

Mr. Stoner enquired whether now might be a good time to get agreement with the U.S. on the general principles which should govern the operation of U.S. radio facilities in Canada.

Views were exchanged as to whether or not the U.S. Government had a "master" plan for commercial communications development on a global scale.

Mr. Stoner suggested that one way in which we could check on the degree of long-range commercial interest in a project would be to insist on seeing the terms of the contracts which were awarded.

It was agreed that:

(1) Present U.S. operations in Canada, and future requests, in the communications field will receive closer scrutiny from now on.

(2) In particular, the proposed experimental project at St. John's-Cape Spear should be carefully examined.

(3) DOT should request External in writing to obtain from the U.S. Embassy the information which is required from the U.S. authorities in the radio field, as a result of the repeal of the Emergency Powers Act.

(4) Consideration should be given to the desirability of obtaining agreement within the Canadian Government on the *general* principles which should govern the operation of U.S. radio facilities in Canada.

(5) Consideration should be given to the desirability of working out a long-range government policy with regard to U.S. operations in Canada in the radio field, having regard to Canadian commercial interests.

It was further agreed that an informal working group should meet as required to consider questions related to U.S. operations in Canada in the radio field, and that the group should meet to consider the formal U.S. Note asking permission for the St. John's-Cape Spear project, when this was received.

It was suggested that action on (4) and (5) above might wait until the information required under (3) is obtained from the U.S. Embassy.

Mr. Wershof suggested that perhaps (5) should later be referred to the Panel on the Economic Aspects of Defence Questions.

497. DEA/3682-40

Le sous-ministre de la Défense nationale
au sous-secrétaire d'État aux Affaires extérieures

Deputy Minister of National Defence
to Under-Secretary of State for External Affairs

LETTER NO. C-600-40-4 Ottawa, July 15, 1954

CONFIDENTIAL

COMMUNICATIONS POLICY
UNITED STATES DEFENCE ACTIVITIES IN CANADA

Dear Sir:

I refer to the establishment in Canada by the United States of defence installations and to the "conditions" or "principles" which the Canadian Government has evolved with respect to these defence arrangements.[63]

In the field of telecommunications installations it is becoming increasingly apparent that two additional "conditions" might be introduced and they are put forward for your consideration.

The first is the use of frequencies. Certain frequencies and powers can be used for defence purposes, and certain interference with civilian activities tolerated, if it is only for defence and for the duration of the threat. However, the use of a frequency for a given length of time carries with it a certain "squatter's right" implication; and unless we specifically protect against the contingency it might be very difficult to recover the use of frequencies for our own civilian or other uses in peacetime which have been exploited by the military over a period of time before. A specific example of this is the allocation recently of television frequencies to the USAF for their tropospheric scatter programme along the Labrador Coast. These have been allocated officially for trials. If the trials are successful, the USAF are faced with two courses of action: one to continue to operate the system on the existing frequencies with the equipment which they have; or to completely replace the equipment they have now in order to operate on other and more suitable military frequencies. They are not likely to indulge in the latter additional expense unless they are forced to, and therefore we must be prepared to force them if we wish to protect the frequencies which properly belong to the television field.

A parallel problem is the use of power. In the past, difficulties have arisen in this regard and adequate provision should be made to ensure against its abuse.

The second proposed "condition" is the one of operating agreements between the USAF and civilian agencies to operate or maintain communication facilities on their behalf in Canadian territory. Any approval which we give to an operating agreement by the USAF should clearly allow for it to be null and void as soon as the military requirement no longer exists. An example of this is the fact that the

[63] Voir comme exemples/See, for example, Documents 494, 495 et/and 466.

Bell Telephone Company are installing the Tropospheric scatter system up the Labrador Coast and indications are that they will be required as a contractor to operate this for the USAF. If the Bell system has been operating this for a number of years for the United States Air Force, they might consider it their right, to continue to operate it for commercial purposes when the emergency is over. If our position is not safeguarded, we are in danger of having commercial interests, under the guise of contracting for the military, build themselves a facility having commercial application, and get into a monopoly position which may or may not be to the best interests of Canada in time of peace.

In view of the increasing USAF telecommunications facilities proposed for installation in Canada I feel that these "conditions" might be suitable material to consider in any future agreements on these matters.

Yours sincerely,
C.M. DRURY

498. DEA/50210-40

Le sous-secrétaire d'État aux Affaires extérieures au sous-ministre de la Défense nationale

Under-Secretary of State for External Affairs to Deputy Minister of National Defence

SECRET [Ottawa], November 23, 1954

Dear Mr. Drury,

MANNING OF COMMUNICATIONS STATIONS IN THE PINETREE RADAR CHAIN

Representatives of the Departments of National Defence, Transport and External Affairs have recently discussed informally a question which has arisen in connection with the manning of communications stations in the Pinetree radar chain. Among the people participating have been G/C S.R. Burbank of the Department of National Defence and Mr. C.M. Brant of the Department of Transport.

2. As I understand it, when the Pinetree radar chain was established the United States Air Force planned to provide it with a VHF (very high frequency) and UHF (ultra high frequency) radio relay communications system. At the same time, the USAF requested and was granted permission to establish circuits between Goose Bay, Gander, and St. John's employing the experimental communications technique known as "tropospheric scatter", which showed promise of providing the required communications more quickly and at less cost. From information recently received by the Department of National Defence, it appears that the experimental circuits have a good chance of being successful — presumably for this reason, construction work on the VHF and UHF system has been suspended — and the U.S. authorities are likely to apply fairly soon for permission for the experimental circuits to become operational.

3. I understand that the Commanding General of Northeast Air Command has already enquired from the RCAF in Ottawa what the policy of the Canadian Government will be, in the event that the tropospheric scatter circuits become operational, as regards the manning of the installation at Gander. It is expected that the station would require a staff of fifteen to twenty men, which NEAC clearly hopes will be exclusively U.S. military personnel.

4. On the initiative of Mr. Pearson the manning of the Early Warning (radar) station at Gander was considered in 1952, and as a result the RCAF took over the operation of the station. Attached is a copy of a memorandum† on the subject which was made available by the RCAF in the course of the informal discussions referred to above.

5. In the informal discussions the opinion was expressed that it would be most desirable for the Canadian Government to control the operation of at least one link in the communications system of the Pinetree radar chain. It was said that the Gander station would be the obvious one to take over, both because of the political desirability of not having U.S. personnel near Gander International Airport and because Gander would be a key link in the Pinetree system — it would probably be the junction point for the Newfoundland and mainland circuits, including the extension up the Labrador coast.

6. It was pointed out that Canada could take over the manning of the station under the Pinetree Agreement, and the opinion was expressed that, for the purpose of establishing Canadian control, manning of the station by Canadian personnel, either civilian or military, would be sufficient. It was argued that it was most important for the departments concerned to reach agreement on the policy to be pursued before the U.S. authorities apply for the circuits to become operational, since pressure will undoubtedly be applied for quick approval of the application, including manning of the Gander station by U.S. military personnel, as an urgent military requirement.

7. Accordingly, I have drawn this question to the attention of Mr. Pearson. He has asked me to inform you that he is of the opinion that, in the event it is decided that a military requirement exists for the establishment of operational communications circuits between Goose Bay, Gander and St. John's, it would seem desirable for the station at Gander to be manned by Canadian personnel. (I am sending this same letter to Mr. Baldwin in addition to yourself).

Yours sincerely,
R.A. MACKAY
for Under-Secretary of State for
External Affairs

SECTION F

INSTALLATIONS RADAR TEMPORAIRES
TEMPORARY RADAR FACILITIES

499. PCO

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

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 43-54 [Ottawa], February 5, 1954

SECRET

PROPOSED ESTABLISHMENT BY THE UNITED STATES AIR FORCE OF NINE ADDITIONAL TEMPORARY RADAR STATIONS IN CANADA

On February 10, 1953, Cabinet Defence Committee concurred in the granting of permission to the United States Government to make site surveys, to operate and to man nine additional temporary radar stations (three in British Columbia, five in Ontario and one in Nova Scotia), in general line with the conditions included in the Exchange of Notes for the Pinetree Project, it being understood, however, that the United States would meet all costs of installation, operation and manning until such time as the R.C.A.F. could take over the operation and manning. In the event that the R.C.A.F. did take over the operation and manning of the stations, the United States Government would continue to meet all costs of operation, other than for Canadian service personnel.

2. Although Cabinet Defence Committee authorized not only the making of the surveys, but also the construction and operation of the stations, the United States Government was at that time notified only of the permission to make the survey since that was all that had been requested. During the past year, while the surveys were being carried out, the Department of External Affairs has been consulting informally with the State Department on the terms and conditions which would govern Canadian permission to construct and operate the stations when the United States Government is ready to go ahead with this.

3. The Exchange of Notes for the Pinetree Project deals with the problem of tenure by stating:

> "neither Government will discontinue the operation of any station or any part of the extension without prior concurrence of the other Government".

This means, in theory at least, that so long as the United States Government considers any stations in the Pinetree system are necessary, that they must be kept in operation, regardless of the views of the Canadian Government.

4. In the draft Statement of Conditions which has been under discussion with the State Department, tenure was dealt with in the following terms:

"All or any of the stations shall be maintained in operation for so long as both Governments agree that their continuation is in the mutual defence interest of both countries. In the event that either Government concludes that any or all of the stations are no longer required, the question of continuing need will be referred to the Permanent Joint Board on Defence. In considering the question of need, the Permanent Joint Board on Defence will take into account the relationship of the station or stations to other radar installations established in the mutual defence interest of the two countries. Following consideration by the Permanent Joint Board on Defence, as provided above, either Government may terminate the arrangement in which case the station will be closed and the following arrangement regarding ownership and disposition of the installation will apply . . .".

This paragraph, of course, would give the United States Government no assurance of tenure at all. It was hoped, however, that the inclusion of the provision that the matter would be referred to the Permanent Joint Board on Defence would satisfy the United States Government that they would not arbitrarily be dispossessed.

5. At the last meeting of the Permanent Joint Board on Defence the State Department Member of the Board said that the operation of the proposed stations would add to the defences of the North American continent, and it was therefore in the mutual defence interest of both countries. The language of the draft statement, however, did not seem to follow this premise in as much as in his view there was in the language an apparent lack of mutuality. He said that while the United States Government did not wish to cause political difficulties to Canada, it was faced with legal requirements which were in fact political difficulties on the United States side. The Executive Branch of the United States Government have an obligation to ensure that appropriated funds were spent with adequate safeguards. While there was no indication and no thought on the United States side of any lack of faith, he felt that the language of the proposed paragraph did not meet the needs of the United States Government since it would appear that it would be possible for the United States Government to be denied the data from an installation while it was still considered to be important to the defence of the United States, even before the construction of the installation had been completed. For this reason he proposed an alternative wording as follows:

"The Canadian and United States Governments agree that all or any of the stations shall be maintained in operation for a period of ten years or such shorter period as shall be agreed by both countries in the light of their mutual defence interests. Thereafter, in the event that either Government concludes that any or all of the stations are no longer required, the question of continuing need will be referred to the Permanent Joint Board on Defence. In considering the question of need, the Permanent Joint Board on Defence will take into account the relationship of the station or stations to other radar installations established in the mutual defence interest of the two countries. Following consideration by the Permanent Joint Board on Defence, as provided above, either Government may terminate the arrangement, in which case the station will be closed, and the following arrangements regarding ownership and disposition of the installations will apply . . .".

The State Department Member expressed the view that the amendment he proposed would not impair the sovereignty of Canada because the ownership of the land would remain with the Canadian Government, and Canada would have the unrestricted right to take over the manning and operation of the stations at any time.

6. It may be that the proposal made by the State Department Member of the Permanent Joint Board on Defence represents a reasonable compromise between the United States and Canadian positions on this matter. It should be recognized, however, that if the Canadian Government agrees to it in this case, it will almost certainly become a precedent in future cases of a similar nature. For this reason the matter is being referred to Cabinet for consideration.[64]

L.B. PEARSON

500. DEA/50200-40

Note du secrétaire de la section canadienne de la Commission permanente canado-américaine de défense pour la section canadienne de la Commission permanente canado-américaine de défense

Memorandum from Secretary, Canadian Section, Permanent Joint Board on Defence, to Canadian Section, Permanent Joint Board on Defence

SECRET [Ottawa], June 29, 1954

PROPOSED ESTABLISHMENT OF TEMPORARY RADAR STATIONS IN CANADA

At the last meeting of PJBD, the State Department and External Affairs Members reached agreement on the text of a draft statement of conditions (copy attached) which it was believed would be acceptable to the authorities of both countries. It was intended that as soon as the agreed draft had been concurred in by the United States officials concerned and the United States Air Force had reached a decision as to the number and locations of the stations required, a formal diplomatic request would be put forward by the United States Government to the Canadian Government for permission to construct and operate the stations.

The External Affairs Member undertook to refer the draft agreement to the appropriate Canadian officials at once and as soon as the agreement of all concerned at official level had been obtained, the United States Embassy in Ottawa would be notified of this fact informally. When the formal United States request was received the matter would be referred to the Canadian Government for final approval.

There were two sections in the draft agreement which required particular consideration by the appropriate Canadian authorities. The first related to the requirement that electronic equipment be manufactured in Canada when practicable. The

[64] Voir/See Volume 19, Document 681.

Department of Defence Production has concurred in the text of the agreed draft of this section. The second of these two sections dealt with the problem of the cost of modifying the communications arrangements for the existing Pinetree network in order to link in the new temporary stations. The RCAF was not satisfied with the proposed wording of this section and has put forward an alternative wording which has been referred to the U.S. Section of the PJBD for consideration. The text of the RCAF proposal is included in the attached draft of the agreement.

W.H. BARTON

[PIÈCE JOINTE/ENCLOSURE]

Projet de déclaration des conditions

Draft Statement of Conditions

SECRET [Ottawa], June 29, 1954

DRAFT CONDITIONS TO GOVERN THE ESTABLISHMENT AND OPERATION BY THE UNITED STATES AIR FORCE OF TEMPORARY RADAR STATIONS IN CANADIAN TERRITORY

(In this Statement of Conditions, unless the context otherwise requires, "Canada" means the Government of Canada, and "United States" means the Government of the United States of America.)

1. *Sites*

Canada will acquire and retain title to all lands required for the radar stations and their ancillary facilities. The Canadian Government grants and assures to the United States Government, without charge, such rights of access, use and occupancy as may be required for the construction, equipment and operation of the stations, pursuant to the provisions in the following paragraphs.

2. *Plans*

The detailed plans of the buildings, roads (including access roads), use of local materials (rock fill, sand, gravel, etc.), and other arrangements related to construction and major items of equipment will require the approval of the appropriate Canadian authorities (to be designated by the Canadian Government) in advance of construction. Canadian officials shall have the right of inspection during construction. Any plans for subsequent construction shall also be submitted for the approval of the appropriate Canadian officials.

3. *Construction*

(a) Canadian contractors will be extended equal consideration with United States contractors in the awarding of construction contracts, and Canadian and United States contractors shall have equal consideration in the procurement of materials, equipment and supplies in either Canada or the United States.

(b) Any contractors awarded a contract for construction in Canada will be required to give preference to qualified Canadian labour for such construction. The rates of pay and working conditions for this labour will be set after consultation

with the Canadian Federal Department of Labour and will be set in accordance with the Canadian Fair Wages and Hours of Labour Act of 1935,

(c) Canadian law will apply.

4. *Provision of Electronic Equipment*

The Canadian Government reaffirms the principle that electronic equipment at radar installations on Canadian territory should, so far as practicable, be manufactured in Canada. The question of practicability must, in each case, be a matter for consultation between the two Governments. After studying the plans for the establishment of the radar stations covered in this agreement the agencies of the Canadian Government concerned are satisfied that the initial provision of Canadian electronic equipment for these stations is not practicable. However, the Canadian Government requires that the above-stated principle shall apply in the future to the procurement of replacement or additional electronic equipment. The appropriate Canadian and United States agencies shall in these circumstances consult with each other to determine the application of the principle. In considering the question of practicability, one of the factors to be taken into account shall be the relative costs of procurement from Canadian and United States sources.

5. *Financing* (As drafted at April, 1954, Meeting of PJBD)

The cost of construction and operation of these stations shall be the responsibility of the United States Government, with the exception of military personnel costs, if Canada should man any of these stations at a later date. In the event that the erection of these stations requires changes in the present communications arrangements for Radar Extension Plan covered in the Exchange of Notes of August 1, 1951, it will be necessary for appropriate authorities of the two Governments to work out agreed technical arrangements whereby the Canadian Government will be assured against bearing any resulting expense exceeding those contemplated by existing arrangements.

5. *Financing* (as subsequently proposed by RCAF)

The cost of construction and operation of these stations shall be the responsibility of the United States Government, with the exception of military personnel costs if Canada should man any of these stations at a later date. In the event that the erection of these stations requires changes in communication arrangements for the Radar Extension Plan covered in the Exchange of Notes of 1 August 1951, and as detailed in the Schedule of Primary Communications for the Radar Extension Plan agreed Washington DC 15 March 1952, as subsequently amended, it will be necessary for appropriate authorities of the two governments to work out agreed technical arrangements whereby the Canadian Government will be assured against bearing any resulting expenses exceeding those contemplated by scheduled communications, or which might arise from their rearrangement or cancellation.

6. *Manning*

The United States may station personnel at the sites under the control and command of United States military authorities, PROVIDED that upon provision of reasonable notice Canada may take over the manning of any or all of the installations.

7. *Period of Operation of the Stations*

The Canadian and United States Governments agree that all or any of the stations shall be maintained in operation for a period of ten years or such shorter period as shall be agreed by both countries in the light of their mutual defence interests. Thereafter, in the event that either Government concludes that any or all of the stations are no longer required, the question of continuing need will be referred to the Permanent Joint Board on Defence. In considering the question of need, the Permanent Joint Board on Defence will take into account the relationship of the station or stations to other radar installations established in the mutual defence interest of the two countries. Following consideration by the Permanent Joint Board on Defence, as provided above, either Government may terminate the arrangement in which case the station will be closed and the following arrangement regarding ownership and disposition of the installations will apply.

8. *Ownership of Removable Property*

Ownership of all removable property brought into Canada or purchased in Canada and placed on the sites, including readily demountable structures, shall remain in the United States. The United States shall have the unrestricted right of removing or disposing of all such property, PROVIDED that the removal or disposition shall not impair the operation of any station whose discontinuance had not been determined in accordance with the provisions of paragraph 7 above, and PROVIDED further that removal or disposition takes place within a reasonable time after the date on which the operation of the station has been discontinued.

9. *Radio Installations*

Arrangements respecting such technical matters as radio frequencies, types of emission, and power, also the location of antenna masts and the question of their marking and lighting will be co-ordinated with the Department of Transport through the Royal Canadian Air Force and will be subject to the approval of the Department of Transport.

10. *Supplementary Arrangements and Administrative Agreements*

Supplementary arrangements or administrative agreements between authorized agencies of the two Governments may be made from time to time for the purpose of carrying out the intent of this agreement.

11. *Taxes*

The Canadian Government will seek to obtain for the United States Government the same taxation exemptions as have operated in the Pinetree project.

501. DEA/50210-40

Note du secrétaire de la section canadienne de la Commission permanente canado-américaine de défense pour la section canadienne de la Commission permanente canado-américaine de défense

Memorandum from Secretary, Canadian Section, Permanent Joint Board on Defence, to Canadian Section, Permanent Joint Board on Defence

SECRET Ottawa, October 4, 1954

PROPOSED ESTABLISHMENT OF TEMPORARY RADAR STATIONS IN CANADA

At the last meeting of the PJBD [July 12-15, 1954] the United States Air Member suggested that discussion by the PJBD with respect to the proposed establishment of temporary radar stations in Canada should be deferred until the conclusion of studies being carried out by the United States and Canadian Air Defence Commands. The External Affairs member referred to the draft agreement which had been prepared in consultation between officials of the two countries in anticipation that the United States Government would submit a formal request to the Canadian Government to construct these temporary stations. It was pointed out that there were two sections in the draft agreement still under discussion. The first related to the requirement that electronic equipment be manufactured in Canada when practicable. The proposed text of this section had been concurred in by the Department of Defence Production. The second of these two sections dealt with the problem of the cost of modifying the communications arrangements for the existing Pinetree network in order to link in the new temporary stations. The RCAF had drafted a proposed text for this section which had been given to the United States Authorities. No word has yet been received as to whether this proposed text is agreeable to the United States Government.

The External Affairs member also pointed out that the draft agreement, and in particular the section relating to the provision of electronic equipment, had been drafted over a year ago in the light of circumstances existing at that time. He reiterated that the proposed agreement was only a draft which had not been submitted to or approved by the Canadian Government. The Canadian authorities reserved in particular the right to reconsider Article 4 regarding the provision of electronic equipment.

DEA/50210-40

502.

Extrait du procès-verbal de la réunion de la Commission permanente canado-américaine de défense

Extract from Minutes of Meeting of Permanent Joint Board on Defence

TOP SECRET U.S.S. *Wisconsin*, January 4-6, 1955

. . .

6. (SECRET) *Proposed establishment of Temporary Radar Stations in Canada*

With reference to Section 6 of the Board's Journal for its meeting of October, 1954, the U.S. Air Force Member recalled that, in accordance with approval granted to the United States Government by the Canadian Government in April, 1953, site surveys had been carried out for nine proposed temporary radar stations in Canada. As a consequence of subsequent study by the two Air Defence Commands, it had been determined that only four augmentation radar stations were now required instead of the nine temporary stations originally planned. The U.S. Air Force now wished to proceed with the construction of these stations, basic information on which was as follows:

	M-102	M-119	M-120	SM-153
Location	Barrington Nova Scotia	Oba, Ontario	Marathon Ontario	Kamloops B.C.
Acreage	13.5	40	44	15
Function	Direction Center	Direction Center	Direction Center	Direction Center
Primary Search Radar	AN/FPS-3A (Arctic)	AN/MPS-7 (Arctic)	AN/MPS-11 (Arctic)	AN/FPS-3A (Arctic)
Primary Height Radar	AN/FPS-6 (Arctic)	AN/MPS-14 (Arctic)	AN/MPS-4 (Arctic)	AN/FPS-6 (Arctic)
Backup Search Radar	AN/TPS-1D (Arctic)	AN/MPS-11 (Arctic)	AN/TPS-1D (Arctic)	AN/FPS-8 (Arctic)
Backup Height Radar	AN/TPS-10D (Arctic)	AN/MPS-8 (Arctic)	AN/TPS-10D (Arctic)	AN/TPS-10D (Arctic)
Personnel	21 Officers 177 Airmen	17 Officers 167 Airmen	15 Officers 154 Airmen	21 Officers 185 Airmen

It was pointed out that when the project had first been proposed it had been intended that only one of these stations, i.e. Oba, Ontario, (Fire River), was to have had a ground control intercept capability. After careful study by the two Air Defence Commands it was now considered necessary that all four stations should have this capability. As a consequence the number of personnel involved at the other three stations was somewhat higher than had originally been forecast. Originally these stations had been referred to as temporary because the radar equipment which was to have been installed was transportable. However, with the added control capability, the word "temporary" was a misnomer, and in the future they should be referred to as augmentation radar stations. The U.S. Air Force appreciated that the Canadian Government would wish to consider proposals of this kind in relation to an overall plan for aircraft control and warning facilities. The U.S.

Air Force Member suggested however that this particular requirement for augmentation of the Pine Tree System was not directly related to the need for low-level gap-filler radars and in the light of the fact that it was a long-standing requirement, he proposed that it be considered separately from other future requirements.

The Canadian Chairman expressed appreciation for the information which had been furnished by the U.S. Air Force Member. He said that in his opinion it was important that the members of the P.J.B.D. should be kept currently informed of the thinking of the air forces as to possible future air defence requirements and organization since in due course the Board would have to make recommendations on the inter-governmental arrangements which would be necessary to implement approved plans.

He then said that it was the opinion of the Canadian Section that the most expeditious way of dealing with the proposal to construct the four augmentation radar stations would be for the Canadian Air Force Member on his return to Ottawa to have it referred to the Chiefs of Staff Committee for consideration of the military operating requirement. When the conclusion of the Canadian Chiefs of Staff on the matter had been reached, the Canadian Air Force Member would inform the U.S. Air Force Member. The State Department might then wish to submit a Note to the Department of External Affairs.

The Canadian Chairman added that he anticipated that the conditions under which the Canadian Government might approve the project would be very similar to the conditions for the distant early warning system.[65] The question of the practicability of the provision of the electronic equipment from Canadian sources would have to be the subject of consultation between officials of the two Governments. In addition, because of the location of the stations, the Canadian Government would wish to reserve its right to take over the manning of any or all of the stations at any time.

The U.S. Chairman expressed his confidence that the procedure proposed by the Canadian Chairman would lead to a satisfactory conclusion of the matter at an early date.

[65] Voir/See Document 483.

SECTION G

VOLS D'ENTRAÎNEMENT DU COMMANDEMENT AÉRIEN STRATÉGIQUE
STRATEGIC AIR COMMAND TRAINING FLIGHTS

503. DEA/50220-40

Note du ministre de la Défense nationale pour le Comité du Cabinet sur la défense

Memorandum from Minister of National Defence to Cabinet Defence Committee

CABINET DOCUMENT NO. D-14-54 [Ottawa], September 20, 1954

SECRET

MOVEMENT OF SERVICE AIRCRAFT ACROSS THE CANADA-UNITED STATES BORDER: STRATEGIC AIR COMMAND TRAINING FLIGHTS

1. At the 81st meeting of the Cabinet Defence Committee 12 December 1951 the Committee approved PJBD Recommendation 51/5 regarding movement of Service aircraft across the Canada-United States border and a document based on this recommendation setting out the detailed methods of clearing flights of Service aircraft across the border.[66] This document, which was subsequently included in the PJBD Journal of March 1952, is attached as Appendix "A" to this paper. PJBD Recommendation 51/5 was given statutory effect by PC 2307 dated 17 April 1952.

2. The USAF has found that two provisions in the procedure (Appendix "A") for clearing their training flights over Canadian territory are causing difficulty. The first, sub para (j), requires that no bombs be carried in aircraft conducting camera bombing and radar scope photography over Canadian cities. This restriction limits the value of the Radar Bomb Scoring Unit at St. Hubert, P.Q., which consists of a small radar over which Strategic Air Command aircraft carry out simulated bombing missions. This unit, along with approximately fifteen others of a similar nature located at various points in the USA, makes an important contribution towards maintaining the high standard of efficiency required of Strategic Air Command.

3. The aircraft are actually over the site only a few minutes since this is only one of several exercises during a training mission which might require the same aircraft to be airborne for 20 hours and travel several thousand miles, the flight often extending over several different countries. Because of the restriction in sub para (j) the US aircraft scheduled to use the St. Hubert site must always drop their bombs at an approved bombing range first. If the weather conditions are such that the bombs cannot be dropped, the aircraft has no other choice but to land and unload its bombs before using the St. Hubert site. These conditions obtain on about three out of four Strategic Air Command missions. Thus the aircraft have to descend from high altitudes to unload their bombs and then return to operational altitude, with the result

[66] Voir/See Volume 17, Document 755.

that the use of the St. Hubert site becomes an expensive and at such times, an inefficient operation.

4. The active use of the Radar Bomb Scoring Site at St. Hubert by the U.S. Strategic Air Command is of inestimatable value to the RCAF in that it provides increased bomber aircraft training activity over the main Canadian air defence area. This enables the entire air defence system in the area to be exercised under realistic conditions in that it provides practice interceptions for RCAF Fighter Squadrons and the ground controlling organization. Also, as the RCAF has no bomber force, the affiliation of these aircraft with the RCAF provides one means of keeping in touch with modern bomber techniques.

5. The second restriction, contained in sub para (k) of Appendix "A", prevents USAF aircraft from carrying, over Canada, photoflash bombs which are required for photographic reconnaissance training over isolated, uninhabited areas. Thus the USAF aircraft on long range training flights, during which these bombs are required, must circumnavigate Canadian territory. Since the aircraft are therefore often prevented from flying the most direct route to their destinations this provision has also proven uneconomical and inefficient. These photoflash bombs will not be dropped by the USAF over Canada.

6. Specialist officers of the RCAF have examined the safety procedures followed by the USAF and are satisfied that they provide adequate safeguard against possible accidents. Accordingly, the RCAF and USAF have prepared jointly a document to replace the one attached as Appendix "A" to this paper. This revision of methods of clearing training flights of USAF Strategic Air Command over Canadian territory, in addition to meeting the points referred to above, also contains a number of minor amendments which, without changing the substance, improve the form of the document.

7. The new document was discussed and approved at the July 1954 meeting of the PJBD. A copy of the new document is attached as Appendix "B" to this paper.[67]

[67] Le Cabinet a approuvé les recommandations de la Commission permanente canado-américaine de défense le 12 novembre 1954:/
Cabinet approved the PJBD's recommendations on November 12, 1954:
"it being understood that the revisions would make it clear that the regulations did not cover the carrying of nuclear weapons or components."

[PIÈCE JOINTE 1/ENCLOSURE 1]

Appendice "A"

Appendix "A"

SECRET

MOVEMENT OF AIRCRAFT ACROSS THE BORDER
PART I

METHODS OF CLEARING FLIGHTS OF U.S. SERVICE AIRCRAFT OVER CANADIAN TERRITORY

Note: Service to Service — Either of the Services may make arrangements with the interested service of the other country.

TYPE OF FLIGHT	CHANNEL OF COMMUNICATION AND CLEARING AUTHORITY
1. Strategic Air Command Training Flights.	Service to Service — Cleared annually in advance by the *Chief of the Air Staff* with the following restrictions on flights: (a) Comprehensive Visual Photographic Flight Logs and Radar Scope Logs be completed for all photos taken over Canada and supplied to the RCAF in 5 copies. (b) The RCAF be supplied (upon request) with any photographs listed in the logs; (c) The RCAF receive one print of all photographs of Canadian territory taken north of sixty degrees North; (d) When photography is obtained over established radar bomb scoring sites, paras (a) and (b) will be complied with for the initial flights only. Comprehensive logs of photography obtained on subsequent missions will be provided to the RCAF when coverage not included on the initial flights is obtained; (e) When photography is obtained by aircraft in formation or by individual aircraft following the same flight path, the film strip of the best quality will be selected for processing in accordance with paras (a) and (b) above. (f) All photographs taken over Canada will be given a high security classification and none will be distributed without prior reference to the RCAF HQs.

	(g) While performing camera bombing and radar scope photography over Canadian cities, aircraft will fly at a high altitude and no more than one aircraft should fly over a Canadian city at a time. (h) The number of planes participating in any single flight over Canadian territory should not exceed 25. (i) RCAF will be provided a flight plan of missions at least 24 hours prior to take-off. (Action copy to RCAF Air Defence Command; information copy to HQs RCAF). (j) No bombs will be carried in the aircraft conducting camera bombing and radar scope photography over Canadian cities. (k) No bombs filled with other than inert material will be carried.
2. Air Defence Exercises.	Service to Service — Cleared by Air Officer Commanding, Air Defence Command (subject to certain qualifications imposed upon him by the Chief of the Air Staff such as restrictions on mock bomber attacks similar to those imposed upon Strategic Air Command Training Flights, as appropriate).
3. Scientific and Experimental Flights: (a) involving only Canadian Dept. of National Defence.	(a) Service to Service. Pre-arrangement.
(b) involving other Canadian Govt. Depts.	(b) State Dept-External Affairs. Pre-arrangement.
4. Normal Transport, or administrative flights.	Flight plans filed with Canadian Dept. Transport through Civil Aeronautics Administration. Normal customs and immigration regulations only. In the case of VIP flights, appropriate advance notification will usually be made through service to service or diplomatic channels.
5. Weather Stations Re-Supply of Arctic.	Service to Service—by pre-arrangement.

6. Operational units in Transit.	Flight plans filed with Dept. of Transport through Civil Aeronautics Administration under normal airways procedures. If conventional weapons are carried, the following safety precautions will apply: (a) guns to be rendered safe by such protective devices as inserted a breech T/Piece or 4 dummy rounds; (b) bombs, if carried, to be in an unfused condition with fuses removed.
7. Combined Exercise other than Air Defence Exercises.	State Dept-External Affairs pre-arrangements.
8. Search and Rescue.	Arrangement in force as a result of ICAO Agreement. Customs and immigration covered by Canada-U.S. Search and Rescue Bilateral Customs and Immigration Agreement of Jan 1949.
9. U.S. Interception Flights in Canada.	Service to Service. Chief of the Air Staff. Pre-arrangement.
10. Any type not specifically mentioned above.	State Dept—External Affairs.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Appendice "B"

Appendix "B"

SECRET

MOVEMENT OF AIRCRAFT ACROSS THE BORDER
PART I

METHODS OF CLEARING FLIGHTS OF U.S. SERVICE AIRCRAFT OVER CANADIAN TERRITORY

Note: Service to Service — Either of the Services may make arrangements with the interested service of the other country.

TYPE OF FLIGHT	CHANNEL OF COMMUNICATION AND CLEARING AUTHORITY
1. Strategic Air Command Training Flights.	Service to Service — Cleared annually in advance by the *Chief of the Air Staff* with the following restrictions on flights:

(a) RCAF will be provided a flight plan of missions at least 24 hours prior to aircraft penetrating Canadian Territory (Action copy to RCAF Air Defence Command; information copy to HQ's RCAF).
(b) Instrument flight rule flight plans will be filed on all flights into or over Canadian Territory.
(c) The number of aircraft participating in any single flight over Canadian Territory should not exceed 25.
(d) While performing camera bombing and radar scope photography over Canadian cities, aircraft will fly over at a high altitude and no more than one aircraft should fly over a Canadian city at one time.
(e) No bombs other than practice or bombs filled with inert material will be carried in aircraft carrying out radar bombing on radar bomb scoring units in Canada. When such bombs are carried, all prescribed safety precautions are to be taken.
(f) Photo flash "bombs" may be carried as required for the completion of photographic reconnaissance missions. When carried, prescribed safety precautions must be followed, including those covering the emergency dropping of these items.
(g) When other types of armaments are carried normal safety precautions as practised in the US will apply.
(h) Comprehensive Visual Photographic Flight Logs and Radar Scope Logs be completed for all photos taken over Canada and supplied to the RCAF in 5 copies.
(i) The RCAF be supplied (upon request) with any photographs listed in the logs.
(j) The RCAF will receive one print of all photographs of Canadian territory taken north of sixty degrees north.

(k) When photography is obtained over established radar bomb scoring sites, (i) and (j) will be complied with for the initial flights only. Comprehensive logs of photography obtained on subsequent missions will be provided to the RCAF, when coverage not included on the initial flights is obtained.
(l) When photograph is obtained by aircraft in formation or by individual aircraft following the same flight path, the film strip of the best quality will be selected for processing in accordance with para (i) and (j).
(m) All photographs taken over Canada will be given a classification of confidential or higher and none will be distributed to another agency without prior reference to the RCAF.
NOTE: Paragraphs 2-10 (inclusive) of the document now in effect (Appendix "A") remain unchanged.

SECTION H

STATION DE SONDAGE EXPÉRIMENTALE
EXPERIMENTAL SOUNDING STATION

504. DEA/50291-40

Projet de note du sous-secrétaire d'État par intérim aux Affaires extérieures pour le secrétaire d'État par intérim aux Affaires extérieures[68]

Draft Memorandum from Acting Under-Secretary of State for External Affairs to Acting Secretary of State for External Affairs[68]

SECRET [Ottawa], April 22, 1954

ESTABLISHMENT AND OPERATION OF A JOINT RCN-USN SOUND SEARCH STATION AT SHELBURNE, N.S.

As you know, a proposal by the United States Navy for the establishment and operation of a joint Royal Canadian Navy-United States Navy Sound Search Station at Shelburne, N.S., has been the subject of discussion between the two navies and in the Permanent Joint Board on Defence for some time. At the April 1954 meeting of the PJBD, the proposal was considered in some detail. The attached draft memorandum to Cabinet has been prepared as a consequence of these discus-

[68] Note marginale :/Marginal note:
Not Sent. Mr. Claxton took the matter to Cabinet on April 22 and obtained approval subject to concurrence by Mr. Winters. W.H. B[arton] 22/4/54

sions. In view of the urgency of the matter, it is proposed, if you concur, to submit it to Cabinet in your name for consideration at the meeting of April 29.

2. In view of the importance of the proposal and because of the questions of policy which arise from it, General McNaughton proposes to discuss the matter with you and with some of the other interested Ministers, including Mr. Howe, Mr. Gregg, and Mr. Winters.

3. The attached draft has been circulated to the Deputy Ministers of National Defence, Defence Production, Labour, Transport (Air), and National Revenue (Customs and Excise), and to the Secretary to the Cabinet. I understand that you will not be in town next week. I thought, however, that if you concur in the proposal, you might arrange to have Mr. Campney speak to the proposal on your behalf in Cabinet. If the Deputy Ministers of the Departments concerned propose any changes in the detail of the draft memorandum, this Department could consult with Mr. Campney prior to having the memorandum prepared for circulation to the Cabinet next week.

4. I should be grateful to know whether you approve of the memorandum and concur in the proposal I have suggested.

[PIÈCE JOINTE/ENCLOSURE]

Projet de note du secrétaire d'État par intérim aux Affaires extérieures et ministre de la Défense nationale pour le Cabinet

Draft Memorandum from Acting Secretary of State for External Affairs and Minister of National Defence to Cabinet

SECRET [Ottawa], April 21, 1954

PROPOSED U.S. NAVY EXPERIMENTAL SOUND SEARCH STATION SHELBURNE, NOVA SCOTIA

1. At the April, 1953, meeting of the Permanent Joint Board on Defence, the United States Navy Member reported on a new and promising system for the long-range detection of submarines. The first segment of this sound search system had been tested in the Caribbean area and it was now proposed to extend the experiment to include the range of waters to be found along the Atlantic Coast as far north as Nova Scotia. The system involved the laying of cables with arrays of sonic detectors in deep waters some distance off the coast. These would be connected to a series of nine "sound search stations" situated at intervals on the shore from the Caribbean to Nova Scotia. A logical situation for the northernmost of these experimental stations was Sable Island, Nova Scotia. It was hoped that if the project was approved, it would be possible to construct this station in the summer of 1954. If the experiment proved successful it would no doubt be desirable to extend it at a later date to cover the entrance to the Gulf of St. Lawrence.

2. Approval of Cabinet Defence Committee for the Royal Canadian Navy and the U.S. Navy to carry out a joint survey of Sable Island was granted on May 18, 1953,

and the U.S. Embassy was notified of this on May 19, 1953. When a preliminary reconnaissance disclosed that the waters off Cape Sable were too rough to land the experimental cable, the Minister of National Defence authorized extension of the survey to include the south shore of Nova Scotia. It was finally decided that the most suitable site was on land belonging to the Department of National Defence, at Government Point, Shelburne, N.S.

3. At the April 1954, meeting of the PJBD, the U.S. Navy Member of the Board reviewed the status of the project and reported that exploratory discussions between the U.S. Navy and the Royal Canadian Navy had been completed, and that the U.S. Section of the Board now wished to present a proposal involving the installation and operation of the station jointly by the U.S. Navy and Royal Canadian Navy.

4. After studying the proposal the Board came to the following conclusions:

(a) In the light of the importance and urgency attached to this project for the defence of North America against attack from hostile submarines, every effort should be made to expedite its progress.

(b) The early construction of the Shelburne station was of great importance since it was the only station embracing the following features: cold water, the warm water of the Gulf Stream, deep water, and the shallow water off the south-eastern coast of Nova Scotia.

(c) The U.S. Navy hoped to begin assembling materials in May, 1954, in order to begin construction of the Shelburne station in July, 1954. This meant that it would be necessary to have the approval of the Canadian Government by May 15, if the work was to be done in 1954. Since construction of all the stations, both in the United States and Canada, had been carefully phased, failure to construct the Canadian station in the summer of 1954, would adversely affect the construction and cable-laying programme for all nine stations.

5. In view of the urgency of the project, the representatives of the State Department and the Department of External Affairs agreed upon the text of a draft statement of conditions to govern the establishment and operation of the Shelburne station (copy attached as Appendix "A"),† which could be presented to the appropriate authorities of the two Governments for approval. The Board noted that if it did not prove possible to go forward with the proposed construction in 1954, either Government might wish to suggest certain changes in the draft agreement.

6. In general the proposed conditions are the same as those which have governed other recent joint defence projects in Canada.[69] The principal exception is Section 3, dealing with construction, which provides that the United States will be permitted to carry out the construction in 1954 with United States Naval Military Construction battalions, using standard prefabricated advanced base component material provided from U.S. Government stocks. The permission to use construction battalions would be limited to 1954 and would not be regarded as a precedent

[69] Voir, par exemple, les conditions décrites dans l'annexe au document 483.
[69] See, for example, the conditions outlined in the attachment to Document 483.

either for subsequent construction at Shelburne or for any other installation which the United States might wish to erect in Canada.

7. The Canadian Section of the PJBD pointed out to the U.S. Section the difficulties raised by the proposal to use construction battalions, and agreed to put it forward to the Canadian Government only after a detailed examination of all possible alternatives made it clear that only in this way would it be possible to complete the construction programme during the summer of 1954.

8. The construction work at Shelburne would consist of the erection of temporary accommodation ("Quonset huts") for an operating staff of 97 and a transient staff (during the period of installation and evaluation) of 46. The technical equipment would also be housed in a Quonset hut. The time required for construction is estimated to be about two months — i.e. from mid-July to mid-September.

9. A memorandum prepared by the Royal Canadian Navy giving further technical details of the United States Navy requirement is attached as Appendix "B".†

Recommendation

10. I recommend that the Department of External Affairs be authorized to enter into an Exchange of Notes with the United States Department of State, to permit the establishment and operation jointly by the Royal Canadian Navy and the United States Navy of an experimental sound search station, in accordance with the conditions set forth in Appendix "A" to this memorandum.

505. DEA/50291-40

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

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

SECRET [Ottawa], December 9, 1954

JOINT RCN-USN EXPERIMENTAL STATION AT SHELBURNE, N.S.

The U.S. Embassy has sent us a Note on this subject, No. 99, dated November 29, 1954, the text of which is as follows:

"The Ambassador of the United States of America presents his compliments to the Secretary of State for External Affairs and has the honour to refer to the agreement for the establishment and operation of a Joint Royal Canadian Navy-United States Navy Experimental Station at Government Point, Shelburne, Nova Scotia, effected by the Exchange of Notes of May 1 and May 10, 1954.

"The Ambassador recalls that paragraph 3(b) of the Annex to the first of these Notes provides that the permission to use United States Navy construction battalions is limited to the year 1954. He also recalls that, at the meeting of the Permanent Joint Board on Defence last October, it was noted that (because of unanticipated delays occasioned by severe weather conditions, difficult terrain, and certain design modifications requested by the Royal Canadian Navy) it had been found that the construction of the Experimental Station could not be com-

pleted until around April 1, 1955. Furthermore, in accordance with Canadian Navy recommendations, it was agreed that the paving of roads on the site should be postponed until the summer of 1955.

"As a result of the foregoing and because budgetary considerations preclude construction by other means, the services of a forty-man construction battalion detachment would be highly desirable both for completion of the Station's construction phase and for road surfacing from May 1 to September 15, 1955.

"The Ambassador hopes that, in view of the considerations outlined, the Canadian Government will find it possible to agree to permit the use of United States Naval Construction Battalions at Shelburne during the desired period in 1955."

Paragraph 2 of the Note refers to the discussion of the matter at the last meeting of the Permanent Joint Board on Defence, held on October 18-19, 1954. Enclosed is a copy of the record in the Journal of the discussion at the meeting.† The attitude adopted by General McNaughton at the meeting was that, under the circumstances as described by the U.S. Navy Member of the Board, the desire of the U.S. Navy to employ U.S. Naval Construction Battalions at Shelburne from May 1 to September 15, 1955, appeared to be reasonable.

While in principle I am not happy at the thought of extending the period during which USN Construction Battalions may be used when we were so definite in limiting their use to the year 1954, it seems to be that under the circumstances the request is a reasonable one. I have accordingly written to the Deputy Ministers of the interested departments, i.e. National Defence, Labour and Defence Production, to say that and to ask for the views of their departments on the Embassy's request, including the views of their Ministers if it is considered that they should be consulted.

I have also informed Mr. Winters who is interested as the Cabinet Minister from Nova Scotia. A copy of the letter which was sent to him on December 6 is attached for your information.†

I should be grateful to know if you agree that the Embassy's request is a reasonable one and that, assuming there is no objection from the interested departments, the request might be granted.[70]

Cabinet approved the original request for the establishment and operation of the Experimental Station at its meeting on April 22, 1954. As you were not present, the item was sponsored by Mr. Claxton, acting on your behalf. Do you agree that it will

[70] Note marginale :/Marginal note:
Yes [L.B. Pearson]

not be necessary to submit the present request to the Cabinet?[71] Do you wish to sign the Note to the U.S. Embassy in reply to their request?[72]

R.A. MACKAY
for Under-Secretary of State
for External Affairs

SECTION I

LA STATION LORAN DE L'ÎLE DE BAFFIN
LORAN STATION, BAFFIN ISLAND

506. PCO

Note du secrétaire d'État par intérim aux Affaires extérieures et ministre de la Défense nationale pour le Cabinet

Memorandum from Acting Secretary of State for External Affairs and Minister of National Defence to Cabinet

CABINET DOCUMENT NO. 104-54 [Ottawa], April 23, 1954

CONFIDENTIAL

PROPOSED CONSTRUCTION AND OPERATION OF A LORAN STATION BY THE UNITED STATES COAST GUARD AT CAPE CHRISTIAN, BAFFIN ISLAND

On April 16, 1953, the United States requested permission of Canada to build a Loran station at Cape Christian, a point on the northeast coast of Baffin Island approximately nine miles from the settlement at River Clyde. The request was motivated by the need for further Long-Range Aid to Navigation facilities for the use of ships and aircraft operating out of Thule in Greenland. These facilities would also of course be available to Canadian ships and aircraft. Because the building season at Cape Christian is only approximately six weeks long, the United States wished to do preliminary work on the site during the summer of 1953 in order to undertake the construction of the station in the summer of 1954.

2. The Cabinet Defence Committee at its 94th Meeting, on May 15, 1953, agreed "that the Department of External Affairs should inform the United States that the Canadian Government approved the preliminary construction work on the Loran station at Cape Christian on the understanding that the detailed terms and conditions would be negotiated at a later date." This was done on May 21, 1953, and preliminary construction work was carried out last summer.

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[71] Note marginale :/Marginal note:
OK L.B. P[earson]

[72] Note marginale :/Marginal note:
If I'm here — but otherwise you can sign it. L.B. P[earson]

3. At a meeting in Ottawa on March 9, 1954, officials of interested departments and the two governments discussed possible terms and conditions under which the Canadian Government might be prepared to authorize the erection and operation of the proposed Loran station. On the basis of this discussion and subsequent correspondence with the members of the Advisory Committee on Northern Development, the Department of External Affairs prepared a draft of terms and conditions. These have been incorporated in the annex to a draft note to the United States Embassy† which is attached to this memorandum. It will be noted that the conditions with regard to the right of Canada to assume operation, Paragraph 5(a), and the period of operation of the station, Paragraph 5(b), are in conformity with the tenure formula approved by Cabinet on February 25, 1954, in connection with the proposed establishment by the U.S. Air Force of additional radar stations in Canada. The United States is prepared to accept the draft terms and conditions including that contained in Paragraph 5(a) concerning the sharing of costs should Canada assume the operating of the station, it being understood that the arrangement is subject to the usual qualification with respect to the availability of appropriated funds.

4. The Acting Secretary of State for External Affairs and Minister of National Defence recommends that he be authorized to send to the United States Ambassador a note in terms of the attached draft.[73]

BROOKE CLAXTON

[73] Approuvé par le Cabinet le 29 avril 1954, avec la condition suivante :/Approved by Cabinet April 29, 1954, with the following condition:
"it being understood that a supplementary note would also be sent drawing attention to the necessity of a strict application, in future, of the principle that Canadian contractors be given equal consideration with U.S. contractors in the awarding of contracts, and that like preference be given to qualified Canadian labour for such construction."
Voir Canada, *Recueil des traités*, 1954, N°. 6./See Canada, *Treaty Series*, 1954, No. 6.

SECTION J

CONTRÔLE DE SÉCURITÉ DES MARINS MARCHANDS SUR LES GRANDS LACS
SECURITY CONTROL OF MERCHANT SEAMEN ON THE GREAT LAKES

507. PCO

Note du secrétaire du Cabinet pour le Cabinet

Memorandum from Secretary to Cabinet to Cabinet

CABINET DOCUMENT NO. 133-54 [Ottawa], May 19, 1954

CONFIDENTIAL

SECURITY CONTROL OF FOREIGN SHIPS IN THE GREAT LAKES

The Great Lakes Seamen's Security Regulations which were made by Order in Council P.C. 2306 of May 22nd, 1952, under the authority of the Emergency Powers Act apply only to Canadian ships and not to foreign ships that ply the Great Lakes-St. Lawrence route.

As a result of representations that had been made from time to time, the Security Sub-Panel considered in the summer of 1953 whether some form of security control should be exercised over the masters and crews of foreign ships sailing into the Great Lakes. A simple scheme was devised which would provide a limited degree of security control and, at the same time, provide a suitable answer to possible criticisms that the government had imposed fairly severe security measures on Canadian seamen in the Great Lakes but had done nothing to provide similar controls in respect of foreign shipping.

In brief, the scheme suggested by the Security Sub-Panel last year would involve the following main steps. The Department of Citizenship and Immigration, which now receives one copy of crew manifests of foreign ships sailing into Canadian ports, would in future require two copies of such manifests to be submitted to the Department. The second copy would be forwarded to the R.C.M. Police for an appropriate check. The ship would be allowed to proceed on its journey but if the police check subsequently revealed the presence of subversive elements amongst any of the crews, the agents of the ships concerned would be informed that the crew members in question would not in future be permitted to enter Canada. The Department of Citizenship and Immigration would also make an Order under section 15 of the Immigration Act authorizing the detention of any seaman so named if he should re-appear at a Canadian port.

The procedure described above can be adopted with a minimum of administrative inconvenience under the authority of the Immigration Act, section 7 of which empowers the Minister to make a deportation Order, with no right of appeal, against persons who have communist associations, or who are likely to engage in

or advocate subversion, or who are likely to engage in espionage, sabotage or any activity detrimental to the security of Canada.

The scheme set out above was approved by the Security Sub-Panel in June 1953 but was not put forward for Cabinet consideration because it was hoped that it would be possible to do away with the Great Lakes Seamen's Security Regulations if the government decided, as it now has, to allow the Emergency Powers Act to lapse on May 31st next. After lengthy discussions with U.S. authorities, however, it is now apparent that if the security regulations were allowed to lapse, the United States might well enforce inconvenient security measures which would result in expensive delays of Canadian ships in U.S. ports.

The Minister of Transport has consequently submitted for consideration an amendment to the Navigable Waters Protection Act, the purpose of which is to empower the Governor in Council to continue the security regulations in force for a further period of three years. Should this measure be approved for introduction, it is recommended that approval in principle be given to the recommendations set out above with regard to security control of foreign shipping in the Great Lakes and that the Department of Citizenship and Immigration and the R.C.M. Police be instructed to implement these recommendations immediately.

It is further suggested that no special announcement be made concerning the new arrangement unless and until questions are raised in the House or elsewhere.[74]

R.B. BRYCE

[74] Approuvé par le Cabinet le 20 mai 1954./Approved by Cabinet, May 20, 1954.

2e PARTIE/PART 2

SOUVERAINETÉ DANS L'ARCTIQUE ET LE DÉVELOPPEMENT DU NORD
ARCTIC SOVEREIGNTY AND NORTHERN DEVELOPMENT

508. DEA/50197-F-40

Note du secrétaire du Comité consultatif sur le développement du Nord pour le Comité consultatif sur le développement du Nord

Memorandum from Secretary, Advisory Committee on Northern Development, to Advisory Committee on Northern Development

DOCUMENT ND-98 [Ottawa], May 28, 1954

CONFIDENTIAL

POLICY GUIDANCE PAPER FOR RELEASE OF INFORMATION ON THE NORTH

At its last meeting the A.C.N.D. asked the Public Information Sub-Committee to prepare a policy guidance paper for release of northern information. Attached is the paper prepared by the sub-committee.

G.W. ROWLEY

[PIÈCE JOINTE/ENCLOSURE]

Document d'orientation stratégique

Policy Guidance Paper

CONFIDENTIAL [Ottawa], May 28, 1954

PUBLIC INFORMATION ON THE NORTH

Object

The first object of public information on the north is to emphasize that the northern regions are as much a part of Canada as any other area in the country.

It is most important that all Canadians should be aware of this fact in order that the measures to stimulate and encourage the development of our northern frontier will be supported and sustained. It is also important that the rest of the world should be aware that the Canadian Arctic is not an "Ultima Thule" but is being effectively occupied, administered and developed by the Canadian Government and people.

This emphasis should underline all public information on the north whether it relates to long-range policy plans or to spot news. It may be developed through reference whenever possible to the Canadian civil administration and activity in the north in order to draw to the attention of the general public, both at home and abroad, that the north, like any other part of Canada, has its own civil government and a developing economy.

There are, of course, wide areas where the civil administration is not represented on the ground, but where there are Canadian activities of a military, scientific, or commercial nature. It is important that the public be aware of these activities and the contribution which they are making to northern and national development. As far as possible, however, they should be put in the same sort of perspective as similar activities elsewhere in Canada; that is, their importance should be given full weight without creating the impression that they are the only form of Canadian interest in the areas involved.

Northern Development

The Prime Minister and members of the Cabinet have made many public statements on the growing importance of the north and the growing attention to be focused on that area. This growing importance should be emphasized. The reason for the increased interest is not, in the Government view, due primarily to defence requirements, but it is the logical extension of the development of Canadian nationhood. Canada has developed in the east, the south, and the west, but the time and the conditions of peace and prosperity have not until now been present to permit us to develop the northern areas of the country.

Canada is interested in northern development in part to exploit for present and future generations its immense natural resources. In part, also, Canada is developing the north merely because it is Canada and because we have a responsibility to ensure that conditions are established to permit residents of the north, Eskimos, Indians, and others, to share in the benefits of and to contribute to Canadian national life. Our shortcomings in the past, particularly in relation to policy for native people, are recognized but there is now a determination to fulfil our responsibilities.

Defence

The role of the military in the development of the north should be given full credit, but we should avoid the impression that defence activities are the only, or even the main, interest of the Canadian Government in the far north. To some extent it is in fact necessary to correct the imbalance between military and civil aspects of the north which has sometimes been created by journalists who have travelled in the north only to Service installations and on the Service aircraft. It should be pointed out that in the past the principal defence activity in the north has been in the field of transportation and communications and related facilities. It would be incorrect to convey the impression that there are vast military bases in northern Canada. We should, however, point out that Canadian defence authorities are keenly aware of the problems of defence in the north.

References to defence activities will be governed by military security and enquiries should be referred to the Directorate of Public Relations, Department of National Defence. For the present, public information released on continental defence will be governed by the statement of the Minister of National Defence on April 8, 1954.

Economic Development

Emphasis will be put on the great mineral potential of the north, on its rapid development in the past ten years and on the factors which govern the future rate of industrial growth. Industry in the north will generally be developed by private interests without direct government support. It may be pointed out, however, that the Federal Government has special responsibilities in the north for creating conditions, particularly in transportation, to permit private enterprise to operate. The justification of Federal contributions to northern development when necessary can be made to the Federal contribution to the trans-continental railway system.

Political Development

In public information on developments in the north reference should be made whenever possible to the role of the Councils of the Yukon and of the Northwest Territories. The Yukon Territory and the Northwest Territories are generally on the road to greater self-government, but it must not be indicated that provincial status is an immediate goal. Local autonomy will develop as the territories are able to assume greater responsibility for local development. For the present, however, and for many years to come, the interests of the territories as well as the country as a whole are best served by a division between the federal and local authorities of responsibility for administration and financial contributions. The Yukon Territory is at a somewhat more advanced stage of political development than the Northwest Territories. The role of local government in both areas, however, should be kept before the public.

Canadian-United States Relations and Sovereignty

Canada welcomes co-operation with the United States in northern activities which are of mutual concern to the two countries. We fully acknowledge the useful work which agencies of the United States have done in co-operation with Canada in the Canadian north. Northern development, however, is never a joint responsibility; it is a Canadian responsibility which cannot be allowed to go by default or left to others to carry out.

Reference to U.S. activities in the Canadian north in isolation should be avoided, if they can be coupled with reference to Canadian work. The status of U.S. defence activities should be clearly defined. For instance, if any mention is made of U.S. troops at Frobisher, it should be accompanied by a report in some form that the installation is an R.C.A.F. station in Canadian command and control. Any extensive reference to the five joint Arctic weather stations should be accompanied by some mention of the large network of Canadian stations.

No emphasis should be placed on Canadian claims in the north lest we seem to be on the defensive. Canada owns all the lands shown on official maps of Canada and we recognize no differences in degree of control between any of the northern islands and counties in a southern province. We do recognize, however, that the maintenance of sovereignty in any part of Canada requires continuous, effective administration which there now is and will continue to be.

Questions concerning sovereignty over waters on the continental shelf, straits, and narrow passages between islands should, if at all possible, be avoided, or

referred to authorities such as the Legal Division of the Department of External Affairs.[75]

3e PARTIE/PART 3

ÉNERGIE ATOMIQUE
ATOMIC ENERGY

509. DEA/50219-A-40

Extrait du procès-verbal de la réunion de la Commission consultative sur l'énergie atomique

Extract from Minutes of Meeting of Advisory Panel on Atomic Energy

SECRET [Ottawa], September 13, 1954

Present:
Mr. R.B. Bryce, Chairman
Mr. W.J. Bennett
Dr. O.M. Solandt
Mr. J. Léger
Mr. G.C. Bateman
General C. Foulkes
Mr. W.H. Barton, Secretary
Mr. A. Longair, Defence Research Board, was present for the discussion on the Proposed International Scientific Conference.

. . .

BILATERAL ARRANGEMENTS WITH THE UNITED STATES (NON-MILITARY)

4. *Mr. Bennett* described to the Panel his discussions with Admiral Strauss, the Chairman, and General Nichols, the General Manager, of the United States Atomic Energy Commission. He said the primary purpose of the meetings had been to discuss the plutonium contract between the United States Atomic Energy Commission and Atomic Energy of Canada Ltd., and relations between the two bodies as a consequence of the enactment of the new United States Atomic Energy Act.[76] However he had also taken the opportunity to raise the general question of Canadian-American relations in this field and to comment on developments in connection with the Eisenhower proposals, particularly in the light of the President's reference to such discussions in a recent speech.[77]

5. *Mr. Bennett* drew attention to the provision in Section 144 (a) of the United States Act for cooperation in non-military fields "pursuant to an agreement existing on the effective date of this Act". He reported that Admiral Strauss had said that both the existing Canadian-United States raw materials agreements made under the

[75] Approuvé par le Comité consultatif sur le développement du nord le 12 octobre 1954.
Approved by the Advisory Committee on Northern Development, October 12, 1954.
[76] Voir/See United States, Department of State, *FRUS, 1952-1954*, Volume II, Washington, Government Printing Office, 1984, p. 1505.
[77] Voir/See Document 178.

provisions of the old United States Act, and the technical cooperation arrangements made under the Modus Vivendi of 1948, qualified as existing agreements.[78]

6. Atomic Energy of Canada Ltd., and Eldorado Mining and Refining Ltd. were interested primarily in obtaining information from United States sources and in being able to make use of United States industrial firms and consultants. The Modus Vivendi would make it possible to continue to receive information in the categories already established, but if it were desired to extend these categories or open up new ones, an Agreement for Cooperation under the new Act would be required. United States industrial consultants could be employed on Canadian projects which did not involve the use of Restricted Data merely by obtaining the consent of the United States Atomic Energy Commission. If Restricted Data was involved, an Agreement for Cooperation would be necessary. *Mr. Bennett* said he had asked Admiral Strauss if six separate Agreements for Cooperation would be required for the six areas of cooperation listed in Section 144 (a) of the Act. He was assured that this would not be necessary and that one omnibus agreement could be made. The Atomic Energy Commission expressed the desire to make the first Agreement for Cooperation with Canada and indicate that this agreement would serve as a pattern for those subsequently negotiated with other countries. As far as the United States was concerned the executing authority for these agreements under Section 144 (a) would be the Atomic Energy Commission.

BILATERAL ARRANGEMENTS WITH THE UNITED STATES (MILITARY)

7. *Dr. Solandt* drew attention to the fact that while Section 144 (a) of the new United States Act provided for continuing cooperation in non-military fields pursuant to "existing agreements", Section 144 (b), which dealt with cooperation in the military aspects of atomic energy, had no such provision. As a consequence, military atomic information (other than intelligence relating to other countries) in categories already established will continue to be supplied, but through the Atomic Energy Commission rather than the Department of Defence as has been the case in the past. When, in due course, an Agreement for Cooperation could be concluded, the Defence Department to Defence Department channel would be re-established. The United States Defence Department was now preparing a draft Agreement for Cooperation with Canada and this would be transmitted to the Canadian authorities through military channels in the near future.

8. *Dr. Solandt* said it was expected that it would be possible to continue cooperation on intelligence aspects of atomic energy by removing certain areas of information from the Restricted Data category under the provisions of Section 142 (e) of the Act.

9. *The Panel*, after discussion, agreed that it would appear desirable that the civil and military aspects of cooperation with the United States should be dealt with under separate Agreements for Cooperation and that they should probably be the subjects of Exchanges of Diplomatic Notes between the two Governments, even though the Atomic Energy Commission or the Department of Defence might be the executing authorities for the United States Government.

...

[78] Voir/See Volume 14, Document 568.

510. DEA/50219-A-40

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

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

SECRET Ottawa, October 22, 1954

I have discussed today with Dr. Solandt the question of the agreements with the United States under their new Atomic Energy Act. We both think it would be desirable that our Panel on Atomic Energy Matters should see something of the agreements which Mr. Bennett is working out on the civil side and General Foulkes on the military, before we are fully committed on them and while the thinking on them is still in its formative stages. On the other hand, neither one of us likes to enquire at this stage and we both felt that it would be more appropriate for your department to enquire, and to suggest that perhaps our Panel would be a suitable forum in which to go over any questions of policy that may be arising of interest to several of us. Would you feel prepared to take this on?[79]

Incidentally, Solandt and I feel that our Panel will probably have to be somewhat more active in the future than it would have been had Mr. Howe proceeded with the enlargement of the scope and powers of the Atomic Energy Control Board that he had originally contemplated when revising our Canadian Atomic Energy Control Act. As it is, the Control Board's role has been diminished not increased, and the interests of Atomic Energy of Canada Limited are more and more confined to the civilian, scientific, production and power aspects of atomic energy, rather than its military and international policy aspects, while the Services are naturally interested primarily in the effects of atomic weapons. Consequently, there seems to us to be a case for our Panel maintaining a fairly frequent contact with what is going on to ensure that Canada's interest in the field does not get too specialized on either the production and research side on the one hand, or the Service side on the other.

R.B. BRYCE

[79] Le sous-secrétaire d'État aux Affaires extérieures a fait porter l'affaire à l'attention de la Commission consultative sur l'énergie atomique. Voir le document 512.
The Under-Secretary of State for External Affairs arranged to have the matter brought to the attention of the Advisory Panel on Atomic Energy. See Document 512.

511. C.D.H./Vol. 10

Le président de l'Énergie atomique du Canada Ltée.
au ministre de la Production pour la défense

President of Atomic Energy of Canada Limited
to Minister of Defence Production

PRIVATE AND CONFIDENTIAL Ottawa, October 28, 1954

Dear Mr. Howe,

Some weeks ago I gave you a verbal report on the amendments to the U.S. Atomic Energy Act as they affect fuller collaboration in the power reactor programme. Section 144(a) of the Act reads as follows:

"The President may authorize the Commission to cooperate with another nation and to communicate to that nation Restricted Data on

(1) refining, purification, and subsequent treatment of source material;
(2) reactor development;
(3) production of special nuclear material;
(4) health and safety;
(5) industrial and other applications of atomic energy for peaceful purposes; and
(6) research and development relating to the foregoing:

Provided, however, That no such cooperation shall involve the communication of Restricted Data relating to the design or fabrication of atomic weapons: And provided further, That the cooperation is undertaken pursuant to an agreement for cooperation entered into in accordance with section 123, or is undertaken pursuant to an agreement existing on the effective date of this Act."

You will note from this that the collaboration in the several areas of civilian application can be achieved under an "Agreement for Co-operation". Such Agreements must be made subject to Section 123 of the Act. The significant features of this Section are as follows:

(a) The terms, conditions, duration, nature and scope of the co-operation must be set out in the Agreement.

(b) Adequate security safeguards and standards must be maintained.

(c) The co-operating party shall not use any material which it receives under the Agreement for atomic weapons or for research on or development of atomic weapons, or for any other military purpose.

(d) The co-operating party will not pass to a third party any material or any Restricted Data which it receives under an Agreement, unless the Agreement so specifies.

(e) The President shall approve and authorize the execution of the Agreement and shall make a determination in writing that the Agreement will not constitute an unreasonable risk to the common defence and security.

(f) The proposed Agreement for Co-operation, together with the approval and the determination of the President, shall be submitted to the Joint Congressional Com-

mittee on Atomic Energy for a period of thirty days while the Congress is in session.

As I explained to you, the proposed amendment allows for the type of collaboration which we have been seeking for some years. So far as Canada is concerned, there will be no difficulty whatever in meeting the conditions set out in Section 123. However, our close association with the Atomic Energy Authority in the United Kingdom makes it desirable that the U.K. should also be in a position to negotiate an Agreement for Co-operation.

When Sir Edwin Plowden was in Canada late in June I had a lengthy discussion with him as to what the attitude of the U.K. would be in the event that the American Act was amended. Plowden indicated a strong desire to enter into full collaboration with the U.S. on the power reactor programme. When I met with Lewis Strauss early in September I inquired of him as to whether the U.S. was anxious to continue the tripartite arrangement through the medium of the amended Act. Strauss assured me that he was anxious to enter into an agreement with the U.K. as well as with Canada. It was agreed with Strauss that when I went to the U.K. I would propose to Plowden that we get together with Strauss at an early date for the purpose of discussing the preparatory steps which must be taken if Agreements for Co-operation were to become effective. Plowden accepted the proposal and a tripartite meeting was held in Washington last Saturday. The meeting was attended by the members of the Atomic Energy Commission and certain technical advisers, Sir Edwin Plowden and Sir John Cockroft, and myself.[80]

Bearing in mind the rather unhappy relationship which has existed between the United States and the United Kingdom in the post-war years, the meeting went extremely well. Strauss made it clear at the outset that the United States was anxious to continue the tripartite arrangement and to this end he thought it most desirable that Agreements for Co-operation should be entered into with both Canada and the United Kingdom at an early date. He likewise stressed the need for getting the paper work in shape in order that the draft Agreements could be submitted to the Congressional committee as soon as Congress meets early in the new year. A working committee was set up at the meeting, with the understanding that this committee would meet on Monday, Tuesday and Wednesday of this week. The present thinking is that the body of the U.K. and Canada Agreements will be identical, although there will be items attached in Appendices to the Agreements which may differ.

Since security standards and procedures have been the main obstacle to better relations between the United Kingdom and the United States, I impressed upon Plowden during my visit to the U.K. that he should take the security situation in his own hands. This he has done. The new Atomic Energy Authority will have its own security organization. Plowden is sending a member of the organization to Chalk River early in November in response to my suggestion that we should be glad to assist the U.K. in establishing a security standard and procedure which would be acceptable to the U.S.

[80] Voir/See Document 190.

As you are aware, we have had a number of embarrassing incidents at Chalk River, both with the U.K. and with the U.S., because of the fact that we have not been able to disclose certain U.S. information to the U.K. and vice versa. We could expect this situation to be aggravated if we were in a position to take advantage of the U.S. amendment and the U.K. was not. For this reason I am extremely pleased with the outcome of our meeting in Washington.

I shall keep you advised of further developments.

Yours sincerely,
W.J. BENNETT

512. DEA/50219-A-40

Extrait du procès-verbal de la réunion de la Commission consultative sur l'énergie atomique[81]

Extract from Minutes of Meeting of Advisory Panel on Atomic Energy[81]

[Ottawa], November 2, 1954

Present:
Mr. R.B. Bryce, Chairman
Dr. C.J. MacKenzie
Mr. W.J. Bennett
Dr. O.M. Solandt
Mr. J. Léger
General C. Foulkes
Mr. W.H. Barton, Secretary

...

Atomic Energy Discussions in Washington

4. Mr. Bennett gave an account to the Panel of discussions he had attended in Washington on October 22 and 23. The meeting on October 22 was attended by Sir Edwin Plowden, Sir John Cockroft and Sir Roger Makins for the United Kingdom and by Mr. Heeney, Mr. Bennett, Dr. Lewis and Dr. Babbitt for Canada. The purpose of this meeting was to coordinate the United Kingdom and Canadian thinking on the problems to be discussed with the Americans on the following day. The United Kingdom representatives were interested primarily in negotiations for a bilateral "agreement for cooperation", and ascertaining the possible arrangements for trilateral cooperation, while the Canadian representatives were mainly concerned with clarifying the position with respect to the proposed International Atomic Energy Agency before the pending debate in the United Nations General Assembly got under way.

5. The meeting on October 23 was attended by Admiral Strauss and a number of officials of the United States Atomic Energy Commission and a representative of the State Department as well as by the United Kingdom and Canadian representa-

[81] Note marginale :/Marginal note:
This draft was submitted to Mr. Bryce but never returned. W.H. B[arton] 21/1/55

tives mentioned above. Mr. Bennett said that Admiral Strauss wanted to make agreements for cooperation in accordance with the provisions of section 144 (a) of the United States Atomic Energy Act with both the United Kingdom and Canada and hoped that they might be submitted to the Joint Congressional Committee on Atomic Energy at about the same time. It was anticipated that the two agreements would be generally similar although the detailed list of the subjects for cooperation might differ. Since the subject matter of the two agreements would overlap it should be possible for scientific consultation to be carried out between the three countries on a three-way basis. Admiral Strauss urged quick action so that draft agreements could be submitted to the Joint Committee on Atomic Energy as soon as Congress reconvened and he set up a drafting committee of United States officials with this end in view. Conversations between the British and United States officials on the substance of the United Kingdom-United States agreement were conducted during the following week. These had been attended by Dr. Babbitt as an observer. Sir Edwin Plowden had subsequently informed Mr. Bennett that the meetings went very well.

6. At the meeting of October 23, after discussion on the matter of bilateral agreements for cooperation, Mr. Heeney raised the question of the International Atomic Energy Agency and referred to a paper† which had been prepared outlining what the Canadian officials thought were the more important problems that required solution. Admiral Strauss and the Atomic Energy Commission had not had an opportunity to study the paper but promised to do so. The State Department representative said that it would be found that most of the Canadian points had been covered in a draft speech prepared for the use of Ambassador Lodge, copies of which would be given to the Canadian and United Kingdom representatives immediately after the meeting.

Bilateral Agreements for Cooperation between Canada and the United States

7. The Panel discussed the question of whether the agreements between the United States and Canada, i.e. the non-military agreement under section 144 (a) of the United States Act and the military agreement under section 144 (b) of the Act would be executed as inter-governmental agreements by means of exchanges of notes or whether they would be made between the United States Atomic Energy Commission and Atomic Energy of Canada Limited on the one hand and between the two Defence Departments on the other. It was considered probable that the non-military agreement would be between the two atomic energy agencies but that it might be desirable that the military agreement be effected by an exchange of notes. It was considered, however, that both the military and non-military agreements, regardless of the manner of execution, were of such importance that they should be submitted to the Governor-in-Council for consideration prior to final approval.

4e PARTIE/PART 4

QUESTIONS ÉCONOMIQUES
ECONOMIC ISSUES

SECTION A

ÉLIMINATION DU SURPLUS AGRICOLE DES ÉTATS-UNIS
DISPOSAL OF UNITED STATES AGRICULTURAL SURPLUSES

513. DEA/24-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-249 Washington, February 11, 1954

SECRET. MOST IMMEDIATE.

Repeat to M.W. Sharp — Trade and Commerce.

DISPOSAL OF SURPLUS CCC COMMODITIES, PARTICULARLY WHEAT

We were called to State Department today to be informed that there are new deals in the process of development or that may be near completion concerning the disposal of surplus CCC commodities, particularly wheat.

2. It is being proposed that the CCC negotiate sales of wheat for local currencies or in exchange for other commodities without any regard to the orderly marketing of friendly countries or any other type of safeguarding clauses.

It is claimed that no authority is necessary as the CCC already has the authority to dispose of its surpluses at any price in world markets — specifically deals under study and these may be very near completion, involve 150-200,000 tons of wheat to Yugoslavia and 50,000 tons to Brazil.

3. It is important to understand that these types of operations are entirely divorced from the 550 deals[82] and represent new thinking that is based on the elementary facts; "we have surplus wheat, other countries are willing to barter for it or to buy it

[82] L'article 550 de la Loi de sécurité mutuelle de 1953 prévoyait une somme d'au moins 100 millions $, mais ne dépassant pas 250 million $ pour l'achat de produits agricoles excédentaires par des pays amis. Pour le texte, voir:/
Section 550 of the Mutual Security Act of 1953 provided at least $100 million but no more than $250 million of appropriated funds for financing the purchase of surplus agricultural commodities by friendly countries. For text, see:
Documents on International Affairs 1953, London: Oxford University Press — Royal Institute of International Affairs, 1956, pp. 254-255.
Les fonctionnaires du Département d'État consultent normalement les fonctionnaires canadiens sur toute transaction effectuée en vertu de cet article de la loi.
State Department officials normally consulted Canadian officials on any transaction under this section of the act.

in local currencies, why don't we let them have it". This new concept of marketing is evidently not to be confined to wheat, but may well represent the new process by which it is hoped CCC may be relieved of the pressing burden of its surpluses.

4. In the case of Yugoslavia and Brazil, we have been privately informed that officials of these countries are actively pushing the United States to agree to sales of wheat for local currency or in exchange for goods or services. In view of the pressures from the Department of Agriculture and criticism of former State Department interference in sales of wheat under 550, these pressures are undoubtedly difficult to resist.

5. From conversations with relatively junior officers of the State Department, we are convinced that the most senior officers of that department cannot be convinced by their own officials of the serious repercussions this process of disposal will have on friendly countries. There is no doubt in our minds that the officials of the State Department would welcome our most energetic representations. We could start our message to the State Department by saying: "We have been informed that the United States may enter into agreement with other countries, notably Yugoslavia and Brazil, for the disposal of substantial quantities of wheat for local currencies or in exchange for other commodities or services. We also understand that these operations (and possibly others may be under consideration) are independent of any sales under Article 550 of the AAA. If this is so, it would appear that this is an important change in policy, and one that can hardly fail to seriously disrupt the orderly marketing of wheat".

6. We suggest an opening along these lines because of the confidential nature of the advice given to us by the State Department, and the necessity of not betraying confidences, since only part of the information given us was passed on as a result of official instructions.

7. We have informally told State Department that this news will be received with the greatest possible misgiving in Canada and have drawn to their attention the untimely nature of this development coming on the eve of the first meeting of our new joint committee, particularly as the disposal of the surpluses is on the agenda.

DEA/24-40

514.

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-254 Washington, February 12, 1954

SECRET. MOST IMMEDIATE.

Reference: Our teletype WA-249 of February 11.

DISPOSAL OF UNITED STATES AGRICULTURAL SURPLUSES

As the result of a further sounding, today we believe that the situation may be even more serious than represented in our telegram yesterday. Schaetzel, the United States Secretary of the Joint United States-Canadian Committee on Trade and Economic Affairs, read to us in strict confidence this morning the minute recording decisions taken by the United States Cabinet last Friday, February 5, concerning disposals abroad of United States surpluses. Discussion of this subject in Cabinet was precipitated by the offers of United States dealers to sell surpluses to the Soviet Union and its satellites. The Cabinet decided

(a) That perishable United States surpluses could be bartered for imperishable goods to be delivered by countries in the Soviet Bloc; and

(b) That the Commodity Credit Corporation should be authorized to sell agricultural surpluses to friendly foreign countries at the world price (even when considerably below the United States support price) and to take in exchange anything that would be useful to the United States.

2. Schaetzel said that the Cabinet discussion and decisions had been surprising in the extreme since they had not been based on any careful staff work, and since only the previous day it had been decided that a "Czar" should be appointed to advise the government on the disposal of United States agricultural surpluses and to carry into effect whatever plans might be agreed on. No appointment has yet been made to this new position. But Governor Adams has been interviewing this morning the President of Swifts' with a view of offering him the assignment.

3. In addition to the deals now being considered both with Brazil and with Yugoslavia on which we reported in our telegrams yesterday, Schaetzel said that consideration is being given under this wider policy to disposing of some tobacco and long-staple cotton to Finland. The reason we were not informed of this possibility yesterday was that it was not thought that the deal with Finland would have any effect on our normal trade.

4. This recent policy decision by the United States Cabinet must cause us in Canada the greatest concern; and clearly we must make our views known without delay. It is my view that very careful thought should be given to what type of representations would be the most effective and, in spite of the provocation which we have been given for a very sharp reaction by this new development in United States policy, coming as it does only a little more than a month before the first meeting of the Joint Committee, I believe that our representations will have more effect if they are restrained and carefully weighed. My advice is that I should be instructed to see Governor Adams, who is fully conversant with these issues, and to give him a letter for President Eisenhower signed by Mr. Howe as the Acting Prime Minister. My immediately following telegram contains a hurriedly prepared draft of the kind of letter which it seems to me is likely to be most effective.

5. If this draft seems weaker than the situation warrants, it should be remembered that, in spite of the decision precipitately taken by the United States Cabinet last week, United States policy on the disposal abroad of agricultural surpluses is by no means fully clarified yet. For example, the State Department has within the last few days directed a letter to all the other interested agencies questioning whether the

CCC possesses the authority to dispose of agricultural surpluses to friendly countries on the terms authorized by the Cabinet directive. Moreover, the new appointee to advise on the disposal of agricultural surpluses has not yet been chosen. And further, no decision has yet been taken on what legislation should be sought from Congress to regulate the use of the new appropriation of $300 million which the President requested in his budget message for the disposal of agricultural surpluses during the coming fiscal year. In these circumstances our chief objective for the moment, I think, should be to stave off any irrevocable decisions, either on general policy or on particular deals, until the whole subject can be thoroughly threshed out when the Joint Committee meets on the 16th of March. The decision taken by the United States Cabinet last week is so fuzzy and was made after such little consideration that it need not be considered, it seems to me, as being in any sense irrevocable. No reference is made to it in the text of our draft letter because we are not supposed to know of it officially.

515. DEA/24-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-255 Washington, February 12, 1954

SECRET. MOST IMMEDIATE.

Reference: Our immediately preceding teletype of today's date.

DISPOSAL OF UNITED STATES AGRICULTURAL SURPLUSES

Following is the text of our very tentative draft of a letter to be sent to President Eisenhower by Mr. Howe as Acting Prime Minister. Text begins:

"Dear Mr. President,

"We in Canada have been watching with growing concern the increasing accumulations of agricultural surpluses in United States, and the mounting pressures to have these surpluses disposed of abroad on terms other than those that would be usual in normal commercial transactions. I know that the problems involved in this situation have caused you much anxious thought and I have read with interest of the efforts of your administration to formulate constructive measures to reduce the existing surpluses and to prevent them from recurring in future in their present volume.

"I am sending you this letter because we have been informed during the past few days that the Commodity Credit Corporation may be authorized to dispose of U.S. agricultural surpluses to friendly countries in return for local currencies or through barter deals, without regard to the effect of such transaction on normal commercial marketings. We are convinced that the implementation of such a policy

would inevitably disrupt the ordinary marketing of wheat and other agricultural commodities throughout the world. To Canada that would be particularly serious since our trade in wheat is vital to our economy and to the welfare of the Canadian people. Last year exports of wheat and flour accounted for approximately 17 percent of our total exports. (Our calculation is based on the figures for calendar 1952 and would have to be brought up to date with figures available in Ottawa.)

"As you are aware, the first meeting of the Joint U.S.-Canadian Committee on Trade and Economic Affairs, which was established as the result of conversations Mr. St. Laurent had with you last May, is to be held in Washington on the 16th of March. Among the items that have been provisionally agreed for inclusion in the agenda are "U.S. and Canadian agricultural policies and their relations to international trade", and "methods of disposing of existing surpluses and those which may be expected to accumulate within the immediate future". I would urge that no irrevocable decisions, either of general policy or with respect to particular transactions, should be taken in the United States until the Joint Committee has had an opportunity to consider the whole set of interrelated problems that are involved and, in particular, to give full weight to the likely effect on Canada's trade of measures that you may adopt." Text ends.

516. DEA/24-40

Le sous-ministre adjoint du Commerce à l'ambassadeur aux États-Unis

Associate Deputy Minister of Trade and Commerce to Ambassador in United States

[Ottawa], February 23, 1954

Dear Mr. Heeney:

I enclose two copies of a report on discussions in which I participated regarding United States agricultural policy, on February 15, 16 and 17. Originally I had intended to prepare a briefer report to put on the wires; hence the form in which the report is drafted. When it grew to six pages, I thought that it might be better simply to mail you a copy. If you, Doug LePan, Guy Smith or Bert Hopper wish to make any additions or changes, these might take the form of a supplementary report which could be circulated amongst the interested departments.

I have given a copy of this report to my Minister, Mr. Howe, and to the Department of External Affairs.

Yours sincerely,
M.W. SHARP

[PIÈCE JOINTE/ENCLOSURE]

Rapport

Report

REPORT ON DISCUSSIONS IN WASHINGTON REGARDING U.S. AGRICULTURAL POLICY, FEBRUARY 15, 16 AND 17

When Mr. Howe and Sharp were in Winnipeg for discussions with the Canadian Wheat Board, the contents of telegram No. WA-249 were telephoned to Winnipeg from Ottawa. After discussion with the Minister, Sharp made certain suggestions for changes in the draft letter from the Acting Prime Minister to the President and informed Isbister that the Minister was reluctant to agree to such a communication until the significance of the information from the State Department had been investigated.

It was decided that McNamara and Sharp should go to Washington immediately to inform the U.S. Department of Agriculture about certain changes that had been decided upon in the pricing policy of the Canadian Wheat Board. While there, Sharp was to make enquiries to ascertain whether the fears expressed by the State Department to External Affairs[83] about U.S. surplus disposal plans justified the sending of a letter to the President as proposed.

When he returned to Ottawa, the Minister called on the United States Ambassador and enquired whether the reports received from Washington were well founded. Stuart expressed scepticism and made enquiries at the White House.

Monday morning McNamara informed the Department of Agriculture of the proposed changes in Wheat Board pricing policy involving the establishment of a multiple pricing system based on Vancouver, Fort William and Churchill. The Americans were not surprised and lowered prices at Atlantic and Gulf ports simultaneously with the Canadian action.

Sharp spent Monday and Tuesday consulting with the Ambassador and his staff and calling on various officials of Agriculture and State Departments. Sharp and McNamara visited the Under-Secretary of Agriculture, True Morse, and were introduced while there to McConnell the new appointee from the Grange[84] who will be in charge of surplus disposal operations of the Department of Agriculture. McConnell is friendly to Canada and, as a New Englander, particularly friendly to imports of Canadian oats. McNamara pointed out that the Canadian Wheat Board had now sold virtually all of the oats that can be delivered under the limitation accepted by Canada,[85] and expressed the opinion that the United States because of its continuing need for Canadian oats would be asking Canada to relax the limitation.

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[83] Note marginale :/Marginal note:
? An unintentional error (I hope) [auteur inconnu/author unknown]

[84] The Grange est une organisation rurale issue du mouvement coopératif agricole du XIXe siècle.
The Grange is a farm organization originating in the nineteenth century agricultural cooperative movement.

[85] Voir/See Volume 19, Document 863.

Sharp and McNamara also met Clayton Whipple, Acting Director of O.F.A.R. who will be a member of the official team coming to Canada to prepare for the meeting of the joint committee. In Whipple's view the United States will continue to be an exporter of agricultural products for years to come. Productivity has increased even more rapidly in agriculture than in industry since pre-war. The normal production of wheat, for example, had risen from 800 million bushels pre-war to 1,000 million now.[86]

At these discussions and others, Sharp invariably enquired about the direction of surplus disposal policy. Morse categorically denied that the commercial interests of friendly countries would be ignored under the new plans. U.S. policy remained as declared by the President in his recent messages to Congress. Others said the same thing. All, however, made it clear that a new and more aggressive policy was in the making.

LePan and Sharp met Waugh of the State Department according to appointment Tuesday at 4:30. The interview was brief and mysterious. Waugh did not wish to anticipate what Sherman Adams would say to us tomorrow. He hinted, however, that Adams would be "reassuring".

The Ambassador and Sharp called on Sherman Adams at the White House, Wednesday, at 12 noon. The Ambassador explained that Sharp was in Washington for the purpose of having discussions with the Department of Agriculture about changes in the pricing policies of the Canadian Wheat Board. These discussions had been satisfactory. He was taking advantage of Sharp's presence in Washington to enquire about the significance of information given to us by the State Department in the course of usual consultations regarding proposed sales of commodities under Section 550. The information was to the effect that a major change was contemplated in the United States policy affecting the disposal of agricultural surpluses. We had been informed, for example, that sales of wheat were to be made to Yugoslavia and Brazil without regard to the effect upon the commercial marketings of friendly countries. There had also been reference to a Cabinet decision. The Canadian Government had hesitated to believe that these reports were founded in fact. We relied upon recent statements by the President that the United States did not intend to follow practices harmful to the interests of friendly countries. The Canadian Government had very much appreciated the way in which the United States Administration had consulted with Canada before any wheat had been disposed of under Section 550. We hoped that this close consultation would continue. We didn't intend to come around "belly-aching" whenever the United States wanted to sell wheat or butter and the Ambassador expressed the hope that Adams would realize that we were not calling on him to complain about lack of co-operation. Our visit arose solely out of the information that had been conveyed to us in the course of our continuing consultations with the State Department.

Adams replied that while there was no fundamental change in policy, the United States was determined to reduce the agricultural surpluses now owned by the

[86] Note marginale :/Marginal note:
about 850 to 1100 [auteur inconnu/author unknown]

United States Government which were costing $500,000 a day for storage alone. Plans were in preparation for the disposal of these surpluses in an orderly fashion. A new interdepartmental co-ordinating agency is to be created. One of the principal officials of the Swift Company has been approached to be the Director and Sam Waugh will represent the State Department as a member of the agency.

It is impossible yet to say just how the surpluses will be disposed of under the new plan. The possibilities run all the way from ordinary commercial sale at market prices at the one end, to sale at subsidized prices to unfriendly countries at the other. There have been some proposals that surpluses such as butter might be exchanged for strategic items such as manganese to be put into U.S. stockpile. While Adams did not believe that there would be any fundamental change in policy that would result in the sale of surpluses without regard to the interests of friendly countries, the Canadian Government should be on notice by this time that the United States did intend to adopt an aggressive policy.

When the Ambassador asked whether any irrevocable decisions would be made before the meeting of the Joint Trade and Economic Committee on March 16th, Adams replied that while the appointment of a new Director might be made before that time, he thought that there would be an opportunity for discussion between the two countries before any policy decisions were made.

Sharp confirmed that the Canadian Government was grateful for the way in which the United States had consulted with Canada about proposed sales under Section 550. Canada did not follow a policy of selling wheat for soft currencies or on barter terms. We sold wheat at market prices for dollars. Therefore, if the United States Administration were to make sales for local currencies without regard to the commercial marketings of friendly countries, Canada's reaction could only be to lower prices in order to capture a larger share of ordinary commercial markets which were prepared to pay in dollars. Canada did not think that it would be in the interest of either of our two countries to precipitate a price war of this kind.

At the conclusion of the meeting Adams suggested that we should call on Sam Waugh who would fill in the details.

This we did at 3:15 Wednesday afternoon. LePan and Hopper accompanied Sharp. Present with Waugh were Armstrong, Horsey, and Schaetzel. Sharp outlined the discussion with Adams and got the impression that the State Department had not been completely informed about the latest developments but, of course, this impression may have been wrong. The interview did not produce very much additional information except with respect to the legislative plans that are under consideration. A Bill is being drafted to create the interdepartmental agency and providing authority and funds for the program of disposal. The Bill will apparently ask for approval of an appropriation of $1,000,000 to be spent over a three year period.[87] In answer to questions by LePan and Sharp it developed that there is an unresolved dispute as to whether or how far this new authority would replace

[87] Note marginale :/Marginal note:
authority to use CCC stocks
appropriation eventually & annually [auteur inconnu/author unknown]

existing authority, for example, under Section 550 of the Mutual Security Act. It is also uncertain whether C.C.C. has the authority or will be given the authority to sell for local currencies. We got the impression that the State Department is putting up a vigorous fight to retain those safeguards which would avoid conflict with the interests of friendly countries and that they had passed along the information about the new plans in order to provoke us into making timely representations.

Sharp's impression of these interviews with Adams and Waugh and of his previous soundings in the Department of Agriculture is that there has been no fundamental change in policy with respect to the disposal of wheat. Since the results of efforts to dispose of wheat under various programs have so far been very disappointing, we must, however, expect much more aggressive selling. Adams remarked at one point in our conversation, that a direction not to interfere with the commercial marketings of friendly countries is very vague and general and is subject to varying interpretations. So we have learned, particularly in the consultations regarding Yugoslavia and Norway. It does seem clear that there will be a vigorous campaign both to reduce further accumulations and to dispose of surpluses of perishables. The decision to reduce the support price for butter to 75% of parity is highly significant. From remarks made by various officials in the Department of Agriculture, there have already been consultations with several governments for co-operation in measures to raise the consumption of perishables like butter in their countries. Countries depending largely upon the export of perishables probably have more to fear from the new aggressive disposal plans of the United States than has Canada. It seems to be widely accepted in U.S. Administrative circles that the demand for wheat is highly inelastic and that too aggressive efforts by the U.S. to push sales for local currencies could easily precipitate a price collapse.

517. DEA/24-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-761 Washington, April 30, 1954

CONFIDENTIAL

UNITED STATES SURPLUS AGRICULTURAL PRODUCTS

Following for M.W. Sharp, Esq., Associate Deputy Minister, Department of Trade and Commerce from Smith, Begins: Today Porteous and representatives from Australia and the Argentine attended a meeting at the State Department at which Linville and Highby outlined three possible outlets for surplus United States agricultural products.

(1) *Brazil*—It has been proposed that the United States Barter 100,000 tons of wheat for strategic materials from Brazil. If this deal is consummated, the wheat will be shipped soon? But the strategic materials would be shipped over a much

longer period of time. The details of the transaction have not been cleared up completely. It is expected that some specialists from the United States will leave here next week to look over the strategic materials which would be received in return for the wheat. It has not yet been decided if the money will be provided by the commodity credit corporation or some other government agency.

As justification, Linville pointed out that, while the United States has a history of selling considerable quantities of wheat to Brazil, this year practically nothing had been sold.

(2) *Indonesia*—There has been some discussion of trying to arrange a section 550 Barter deal involving the exchange of rubber for United States flour. The rubber in turn would be supplied to Yugoslavia under an United States aid programme. The value of the flour would amount to about $850,000.

It should be pointed out that, whereas the Brazilian deal is nearly completed, the Indonesian deal is in the preliminary stages of discussion.

(3) *Libya*—Sometime this year, it is expected that Libya will be asking for more United States aid. The preliminary figures being discussed at present indicate that Libya would like to get an amount of wheat larger than a year's normal imports because

(i) stocks were badly depleted last year and

(ii) they expect to have a short barley crop.

Linville said there was nothing formal about the Libyan deal. However, since he had together representatives from Australia, the Argentine and Canada, he took the opportunity to warn us that such a deal may be contemplated in the future.

2. The State Department would like our comments as soon as they can be made available. Ends.

DEA/24-40

518.

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

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-738

Ottawa, May 4, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Your WA-761 of April 30.

UNITED STATES SURPLUS AGRICULTURAL PRODUCTS

1. We are surprised at this proposal for a large scale barter deal on wheat with Brazil. We are apprehensive of the possible consequences in general for the normal marketing of wheat by the United States and Canada if the proposal should be implemented. In the agreed communiqué issued at the conclusion of the recent

meeting of the United States-Canadian Joint Committee on Trade and Economic Affairs, it was stated:

> "The ministers of both countries recognized that if surpluses were to be disposed of without regard to the impact of normal trade, great damage might be done not only to the commerce of Canada and the United States but also to the world economy. The ministers reaffirmed that it is the continuing policy of their respective governments, in disposing of agricultural surpluses abroad, to consult with interested countries and not to interfere with normal commercial marketings. They stated that it is their settled intention that any extraordinary measures that might be adopted to reduce surpluses should result in greater consumption and should augment, and not displace, normal quantities of agricultural products entering into world trade."

These meetings took place so recently that it should hardly be necessary to remind the Americans of the careful attention that was devoted by their Secretaries and our Ministers to the formulation of this passage in the agreed release.

2. In the past we have been ready in particular instances to recognize exceptions to this general pattern of marketing of wheat. In the case of Japan and Spain, for example, we agreed on the existence of very special circumstances, which justified extraordinary measures of assistance. In such instances we have shown our understanding of the U.S. position.

3. In the case of Brazil, however, such conditions are not present and we feel that the suggested program would be a most disturbing influence in an area which has been a substantial commercial market for both the U.S.A. and Canada, to say nothing of Argentina. The Brazilian system of calling for tenders has permitted the normal and desirable freedom of straight commercial trading. Canada and the United States have been impressing upon Brazil the desirability of returning to multilateral trade practices. Both of our governments have pointed out the disadvantages and restrictive aspects of bilateral trading arrangements. To introduce now the barter aspect suggested would be a retrograde step and would introduce the restrictive, uneconomic aspects of barter trading into a market which, since the war, has been of commercial importance to both the U.S.A. and Canada. We suggest that, if strategic materials are needed, they can be bought for dollars with which Brazil can in turn purchase wheat on a commercial basis and without disturbing normal purchasing and selling methods.

4. Linville's argument that the lack of current sales by U.S.A. to Brazil is justification for the barter proposal appears to us to be a radical and dangerous departure from previous policy. Never before has the U.S. used the lack of business with a particular country as justification for give-away or barter proposals. The U.S.A. had the same opportunity as any other supplier to sell wheat to Brazil on the commercial tender procedure which has been followed. To create the prospect or implied promise in the minds of buyers that, if wheat is not purchased on a regular commercial call for tenders, it will later be available on some special type of arrangement, would be the surest method of interfering with the normal commercial wheat trade.

5. With respect to Indonesia and Libya, we have no particular comment to make. Confidentially, we assume that Australia will make representations with respect to Indonesia which has been an important Australian flour market.

6. You will appreciate that we regard this as a serious matter. Would you please convey these views to the State Department at an appropriate level.

DEA/24-40

519.

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-790 Washington, May 6, 1954

CONFIDENTIAL. IMPORTANT.

UNITED STATES SURPLUS AGRICULTURAL PRODUCTS

Please repeat to: M.W. Sharp Associate Deputy Minister Dept. of Trade & Commerce (Important), Begins: We met with Clarence Nichols, Acting Director of the Office of International Materials Policy; Francis Linville of the Agricultural Products Staff; Bramble, Acting Chief, Metals and Minerals Staff; Turnance, International Finance and Development; and Fidel, Economic Matters Relating to the Commonwealth and Northern Europe; all of the State Department, late yesterday afternoon to present the points contained in your teletype EX-738 of May 4, with reference to the proposal to supply 100,000 tons of wheat to Brazil and accept strategical materials in payment.

2. Nichols, who was the senior official present, expressed surprise that Canada should object to the proposal which he thought has the features of a commercial transaction. He said that Brazil had approached the United States to purchase wheat which that country needs immediately and, being short of dollars, requires credit. The United States, having wheat to sell to any country wishing to buy, is prepared to grant the necessary credit and accept strategic materials over the next eighteen months in liquidation of the debt. The Office of Defense Mobilization needs these minerals, and will pay the Commodity Credit Corporation in dollars as they are received. If the minerals desired are not available to completely satisfy the requirements of the debt, Brazil will pay off the balance in dollars.

3. The wheat contract, which involves 100,000 tons, has not yet been consummated but will likely be concluded soon, as Brazil is in urgent need of wheat. Brazil's further wheat requirements, which are large, will, Nichols thought, be supplied by other countries. Conclusion of the minerals contract will be delayed until after United States minerals experts visit Brazil.

4. Nichols stated that, in his opinion, the proposal does not violate the agreement recently announced between Canadian Ministers and United States Secretaries, with respect to the disposal of surplus commodities. He thought the extraordinary

measures mentioned in the agreement apply only to special legislation, such as section 550 and bills which have been introduced in this session to provide for the disposal of surplus commodities for local currencies, sales on concessional terms, gifts, etc. We indicated that, in our opinion, the present proposal is an extraordinary measure and, therefore, was in conflict with the declaration agreed to by ministers on both sides, since there is no increase in consumption and "normal" quantities would be displaced.

5. We remarked that we had not been informed at the earlier meeting that the initiative have been taken by Brazil, but that fact did not appear to us to invalidate the barter aspects of the proposal which, for a number of reasons, are most undesirable.

6. We reiterated the other arguments in opposition to the proposal which were contained in your message but they seemed to make little impression.

7. On the point that, if the United States needs Brazilian minerals, why are they not purchased for dollars which would permit Brazil to buy wheat on a regular commercial basis, State officials said that Brazil needs the wheat quickly but the strategical materials cannot be supplied by that country except over a considerable period of time.

8. We expressed our concern that the proposed deal with Brazil might be the beginning of many similar or other types of arrangements for selling wheat which would not be in conformity with normal commercial practices. Nichols remarked that many ideas are being advanced for the disposal of surplus commodities because the United States Government holds such large quantities which must be moved into consumption. He suggested that our fears on this score were without foundation since not many countries could offer domestic goods in such measure to support proposals similar to the Brazilian one. We insisted, however, that this was a retrograde step since it was accepting a proposal by Brazil that turned back that country along the road of bilateralism. Further, we still believed other countries would be tempted to try to negotiate similar deals on their normal exports to the United States.

9. Nichols stated further that he was pleased to have had our comments but we came away with the impression that we will not hear anything further from the State Department on this case.

10. When asked if there would be any reasons why we should not discuss the proposal with Brazilian authorities, Nichols said he did not think there would be any objections. He supposed that Canadian officials are in constant touch with the Brazilian Government with respect to the purchase of wheat. However, we do not think it would be desirable to approach the Brazilians on this subject.

11. We informed the State officials that we would report to Ottawa the substance of our discussion and we might have further comments to make.

12. We were informed this morning by Linville that the proposal to sell flour to Indonesia has been dropped.

13. With further reference to wheat for Brazil, Linville informed us that Brazil is interested in obtaining an additional 200,000 tons from the United States on some

basis and this matter is under consideration, but no proposals have been made to the Brazilian authorities with respect to this quantity and, if a transaction is concluded, it will not be on the basis of the proposed exchange of wheat for strategic materials.

14. In a later message, we will give you some ideas which may contribute to your thinking on what further representations should be made to the State Department in respect to this Brazilian deal, as well as the broader aspects of disposal methods which are under discussion here. Ends.

520. DEA/24-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-805 Washington, May 7, 1954

CONFIDENTIAL. IMPORTANT.

UNITED STATES SURPLUS AGRICULTURE COMMODITIES

Please repeat to: (Important) M.W. Sharp, Associate Deputy Minister, Department of Trade and Commerce, Begins: Further to our 790 of May 6, we believe the United States will proceed with their plans to sell the 100,000 tons of wheat to Brazil in exchange for strategic materials, regardless of any protest we may make. Since the United States has not sold any wheat this year to Brazil, we are convinced that to attempt to block this deal would be impolitic and might alienate the good-will of a harassed State Department. We were relieved, therefore, to know that you may also be thinking along these lines.

2. At the same time, we believe our vigorous intervention of Wednesday has had the effect of impressing the State Department of the fact that we take very seriously our belief in the principle of non-interference in normal trading and in the desirability of enticing weaker sisters away from the rosy glow of bilateralism. In these circumstances, we believe it would be a mistake not to follow up our first intervention with an aide-mémoire expressing our dislike of this type of operation and alarm at the trend that seems to indicate a change in the United States thinking, which was so recently enunciated at the meeting of Ministers. We would not in the aide-mémoire make any reference to our agreement or non-agreement to this specific sale of wheat to Brazil, but we would propose in presenting the aide-mémoire to say that we do not wish to oppose this actual sale on the grounds that we fully understand the difficulties created by surpluses and that we certainly do not wish to claim any exclusive right to the Brazilian trade.

3. In conversation with agricultural officials today, they again expressed their conviction that there would not be many more of these sort of barter deals for strategic materials because the stockpile for most strategic materials is nearing completion and, therefore, the range is strictly limited. They emphatically stated that it was government policy not to consider any deals of this type that were not based on

strategic materials required for government stockpiles. However, while this may be some reassurance, we do not think that it is sufficient to make it unnecessary for us to make a statement of our position as suggested above.

4. In the immediately following teletype, we have put together a suggested aide-mémoire on which we would welcome your comments and amendments. Ends.

521. DEA/24-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-872 Washington, May 19, 1954

CONFIDENTIAL

Reference: Your teletype EX-813 of May 13.†

DISPOSAL OF UNITED STATES AGRICULTURAL SURPLUSES

Our immediately following telegram contains the text of the aide-mémoire which we left yesterday afternoon at the State Department with Kalijarvi, the Deputy Assistant Secretary for Economic Affairs. We were represented by LePan, Smith and Hopper. I decided to hold my own fire for the representations that we will clearly have to make very soon on the Tariff Commission's recommendations to the President concerning groundfish fillets. As you will see, the aide-mémoire follows almost exactly the text contained in your teletype EX-814† although we took advantage of the latitude granted to us over the telephone by Mitchell Sharp to amend slightly the opening sentences.

2. We were gratified to find that there was little disposition on the part of most of the State Department officials who were present to defend the deal with Brazil. Kalijarvi argued that the quantity of wheat involved was not very large and stressed that this was an isolated and special case. He said that he assumed that we were worried more by the possibility that deals of this kind might become common than by the Brazilian deal itself. When we agreed (although adding that the importance of this particular deal should not be minimized) he went on to say that he and others in the State Department would also be very concerned if this transaction were to set a pattern for future trading. In fact, the whole tenor of what he and the other State Department officials had to say was that this deal was "only a little one".

3. Turnage, the Deputy Director of the Office of Financial and Development Policy, mildly contested the sentence in the memorandum objecting to the deal on the grounds that it would not result in increased consumption. It was hardly reasonable, he argued, to expect that wheat for which Brazil would be paying with other commodities should result in increased consumption; that principle would be applicable only in cases where the United States would be disposing of agricultural surpluses,

either wholly or in part, as grant assistance. To that we replied that, in our view, this sale of wheat to Brazil would not be a normal commercial transaction. In any case, what worried us most about it was that it came very close to being a straight barter deal. If any large proportion of the trade of the free world were to become tied up in that way, the objectives in the field of foreign economic policy towards which the United States and Canada had been working would become impossible of achievement.

4. The only official present who was prepared to dissent at all from the way we had characterized the proposed deal was Nichols, the Acting Director of the Office of International Materials Policy, who claimed that it was an unobjectionable commercial transaction. Even he admitted, however, that if the levels for the United States stockpile were raised substantially, and if the new requirements were filled by swapping agricultural surpluses for strategic materials, the effect on world trade would be very serious. All in all, his remarks were considerably more subdued than they had been when we called on him at the State Department on May 5. Yesterday he seemed to appreciate that his views were not popular with his colleagues and superiors in the State Department.

5. In explanation of our worries about what the future might hold, we referred to the remarks made by John Davis, Assistant Secretary of Agriculture, in testifying before the House Agricultural Committee on April 27, when he said that a significant part of any increased stockpiling objectives involving foreign produced materials might be obtained through barter for agricultural surpluses. Kalijarvi conceded that there was considerable support within the United States Government for exchanging United States perishables for strategic commodities. But he gave us the impression that there was reasonable confidence within the State Department that there would not be many deals in which non-perishables would be traded in exchange for materials needed to build up the stockpiles. He also reminded us that the American Farm Bureau Federation, which is now the most influential farmers' group in the United States was opposed to inter-governmental deals involving agricultural commodities, and he suggested that this would tend to curb any policy of bartering agricultural products.

6. Linville, Chief of the Agricultural Products Staff in the Staff Department, at that point interjected that there would be an automatic external check on further deals of this kind. Countries which believed that the United States wanted to buy strategic commodities which they had to sell would insist on being paid for them in dollars. If the pressures in this country to dispose of agricultural surpluses became more extreme, the United States might be willing to take in exchange strategic commodities which it might not otherwise have purchased, he admitted; but there was certainly no thought of following such a policy at present. Turnage also pointed out that the kind of deal now being made with Brazil was unlikely to be repeated often, if only because of the time and trouble involved in working out the details.

7. All in all, we thought that our representations were useful in reminding the United States authorities of the dangers of the path on which they would now seem

to be taking a few first hesitant steps, and in reinforcing the worries that are already obviously felt by Kalijarvi and others in the State Department.

522. DEA/24-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-873 Washington, May 19, 1954

CONFIDENTIAL

Reference: Our teletype WA-872 of May 19.

DISPOSAL OF UNITED STATES AGRICULTURAL SURPLUSES

Following is the text of the aide-mémoire which we left at the State Department yesterday. Text begins: The Canadian Government wishes to refer to a proposal to sell 100,000 tons of wheat to Brazil for immediate delivery and accept strategic materials in payment over a period of one to two years.

While the Canadian Government appreciates being informed of this proposal, it finds it necessary to express grave concern regarding the use of an arrangement which is in essence a bilateral barter transaction. It is particularly disturbing at this time since Brazil has recently taken a number of important steps to reinstate multilateral trade practices. In fact, purchases of wheat by Brazil have been on an open tender basis for some time and traders of any country could make offers against such tenders. The Canadian Government, therefore, believes that to introduce a tied-bilateral type of barter arrangement can only be regarded as a retrograde step, away from the goal of non-discriminatory international trade which is the ultimate objective of the governments of both the United States and Canada.

It is considered that acceptance by the United States of this sort of operation will encourage potential buyers to refrain from normal commercial purchases in the hope that wheat will later be made available to them through some special type of arrangement. In short, such a development can hardly fail to affect the normal commercial markets of both United States and Canadian wheat.

In the agreed communiqué issued at the conclusion of the recent meeting of the United States-Canadian Joint Committee on Trade and Economic Affairs, it was stated:

"The ministers of both countries recognized that if surpluses were to be disposed of without regard to the impact of normal trade, great damage might be done not only to the commerce of Canada and the United States but also to the world economy. The ministers reaffirmed that it is the continuing policy of their respective governments, in disposing of agricultural surpluses abroad, to consult with interested countries and not to interfere with normal commercial marketings. They stated that it is their settled intention that any extraordinary measures that might be

adopted to reduce surpluses should result in greater consumption and should augment, and not displace, normal quantities of agricultural products entering into world trade." Ends.

SECTION B

LA COMMISSION MIXTE CANADO-AMÉRICAINE DU COMMERCE ET DES AFFAIRES ÉCONOMIQUES, WASHINGTON, 16 MARS 1954
JOINT CANADA-UNITED STATES COMMITTEE ON TRADE AND ECONOMIC AFFAIRS, WASHINGTON, MARCH 16, 1954

523. DEA/50316-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-307 Washington, February 24, 1954

SECRET

Reference: Your teletype EX-289 of the 22 of February.†

JOINT UNITED STATES-CANADIAN COMMITTEE ON TRADE AND ECONOMIC AFFAIRS — GATT

The wind seems to be blowing so strongly here against GATT at the present time that we still think it would be wise for the Canadian Government to make formal representations without delay, pointing out the importance we attach to the General Agreement.

2. We have had a further talk on this subject with Ray Vernon, Acting Director of the Office of Economic Defence and Trade Policy in the State Department, and are now in a position to provide a little more information about the way in which the State Department is reacting to the recommendation contained in the report of the Randall Commission.[88] Shortly after the report was submitted to the President, a tactical decision was taken in the State Department not to challenge the recommendations made by the majority of the Commission, but instead to concentrate on pointing out ambiguities and inadequacies in the recommendations and on interpreting them in as liberal as possible a way. In keeping with this decision, the State Department have circulated to other agencies a memorandum examining the recommendation on GATT.[89]

[88] Voir/See United States, Department of State, *FRUS, 1952-54*, Volume I, Washington: Government Printing Office, 1983, pp. 49-50.
[89] Voir/See United States, Department of State, *FRUS, 1952-54*, Volume I, Washington: Government Printing Office, 1983, pp. 50-57.

3. They have argued that beneath the surface of the passage in the report on GATT lie two anxieties shared by congressional members of the Commission.

(a) The congressional members objected to United States participation in GATT under the present arrangements because of the lack of any clear delegation of power by Congress to the President which would authorize the Executive to carry out the obligations of a contracting party.

(b) Congressional members were also concerned over the possibility that the provisions of this international instrument might be altered to affect adversely the interests of the United States without the United States Government concurring in the alteration.

4. The State Department's memorandum points out that no recommendation was made by the Commission to meet the second difficulty and that the recommendation made with a view to removing the first objection is inadequate. Agreeing that the Executive should be explicitly authorized to carry out the responsibilities of a contracting party, the memorandum goes on to consider how far the powers vested in the President by the existing Trade Agreements Act constitute sufficient authorization. The conclusion is reached that, although the existing Act does grant to the Executive some of the authority it needs to participate fully in an effective international trade organization, other powers that would be necessary are not granted to it by the present Act. The memorandum then goes on to propose that, to fill this gap, the existing Trade Agreements Act should be substantially amended when it comes up for reconsideration by Congress this spring. We have not been able to learn what amendments are being proposed by the State Department to make the Trade Agreements Act serve as adequate authorization for United States participation in GATT.

5. From this you will see that State Department officials are struggling in the coils of an unwelcome and embarrassing recommendation. They, and others within the Administration who are convinced of the importance of GATT, will need all the help they can get if they are to prevent the recommendation in the Randall Commission's report from resulting in a presidential proposal to Congress which would seriously weaken the agreement. Vernon, therefore, very much hopes that you will see your way clear within the next few days to instruct us to deliver a note drawing attention to the uncertain meaning of the recommendation and expressing once again the interest of the Canadian Government in preserving the usefulness of the General Agreement. He particularly hopes that such a note might point out that nothing is said in the recommendation about the rules of commercial conduct that are incorporated in the agreement and might stress their value in the eyes of the Canadian Government. You will recall that this is the point on which we tried to focus attention, without much success, at the briefing which Randall gave on the 22 of January.

6. On the other hand, Vernon was somewhat apprehensive about relying on a discussion within the Joint Committee as a means of influencing opinion within the United States Administration on GATT. In the first place he thought there was still a possibility that the original timetable might be met and that the President's message to Congress on foreign economic policy might be completed by the 15 of March. Further, he said that the Secretary of Commerce was opposed to GATT and

that the Secretary of the Treasury was skeptical about it, while the Secretary of State had shown very little interest. If this account of the attitude of United States Cabinet Ministers towards GATT is accurate, we are rather inclined to think that that might be a further reason for the Canadian side initiating a serious discussion of this issue when the Ministers meet. A statement, for example, by Mr. Howe of Canada's interest in GATT would certainly have some salutary effect.

7. Looking again at the problem in the light of the further information provided by Vernon, we are still disposed to stick to our original recommendation. We would revise it only to the extent of suggesting that it might be advisable to tone down a little the reference we proposed to the first meeting of the Joint Committee, since there seems to be more likelihood than we had thought when we despatched our telegram No. WA-277 of the 17 of February† that the President's message to Congress on foreign economic policy may have been completed before the Committee meets. We still think, though:

(a) that a note on GATT should be presented to the State Department within the next few days;

(b) that attention should be drawn to the obscurity of the recommendation in the report of the Randall Commission;

(c) that the importance attached by the Canadian Government to GATT should be reiterated;

(d) that the value of having an international code of commercial conduct should be emphasized;

(e) that questions should be asked about the views of the Administration on the future of GATT; and

(f) that it should be suggested that the meeting of officials in Ottawa on the 4 of March, and the meeting of Ministers in Washington on the 16 of March, would provide suitable opportunities for further discussion of this subject.

DEA/50316-40

524.

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-313 Ottawa, February 26, 1954

IMPORTANT

Reference: Your WA-307, February 24.

JOINT UNITED STATES-CANADIAN COMMITTEE ON TRADE AND ECONOMIC AFFAIRS — GATT

Your message has been discussed inter-departmentally, and it has been agreed that a note should be presented to the State Department before the meeting with

U.S. officials. Following is a draft note which is under consideration here. Its purpose is primarily to set the stage for a possible substantive discussion on the GATT on March 4th and on March 16th. We would intend that the note should be presented to the State Department on the afternoon of March 1. Meanwhile any comments you may care to make on the draft text would be welcome.

Text begins.

The Canadian Government has examined with interest the recommendations of the Commission of Foreign Economic Policy relating to the General Agreement on Tariffs and Trade.

In view of the close association of the United States and Canada in building up the General Agreement as an effective instrument for promoting satisfactory international trade relations, the Canadian Government would naturally regard with concern any course which might have the effect of weakening that Agreement. There appears to be some doubt about the meaning of certain of the recommendations of the Commission on this subject but the Canadian Government notes that they might be interpreted as contemplating a substantial curtailment of the scope of the General Agreement.

In this connection, the United States Government will be aware that a comprehensive review of the General Agreement is envisaged within the next few months. In this review, the role of the United States Government is likely to be decisive in setting an example to other principal trading countries throughout the world. In the judgement of the Canadian Government, the General Agreement on Tariffs and Trade has made a major contribution to world trade and to international relations in general by providing a code of commercial conduct which has been increasingly recognized by participating Governments in the formulation of current trade policy. It would be the hope of the Canadian Government that the result of the forthcoming review would be an improvement and strengthening of the commercial policy provisions of the Agreement. The present world situation would seem to favour a forward move in this constructive enterprise.

Since the provisions of the present General Agreement reflect a balancing of the diverse interests of many countries, any weakening of the Agreement would tend to start a process of disintegration the final consequences of which for the United States and Canada and for the conduct of international trade generally cannot be foreseen.

In view of the importance which the Canadian Government attaches to this subject, and in view of the uncertainty concerning the implications of these particular recommendations of the Commission on Foreign Economic Policy, it has seemed desirable that these observations should be brought to the attention of the United States Government at this stage. The Canadian Government would expect that an opportunity for a discussion of this subject would be provided by the meeting of the Joint U.S.-Canadian Committee on Trade and Economic Affairs on March 16 and by the preparatory meeting of officials on March 4. Text ends.[90]

[90] Cette note a été présentée au département d'État le 5 mars 1954./This note was presented to the State Department on March 5, 1954.

525. DEA/50316-40

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

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

SECRET [Ottawa], March 22, 1954

U.S.-CANADIAN JOINT COMMITTEE

Attached is a very rough first draft of a summary record of the discussion at the Joint Committee meeting.[91] It is not intended to produce an agreed record with the U.S. Rather, the thought is that each side might let the other have its informal record for any comments or corrections which may seem desirable. Our record will not be sent along to the U.S. Joint Secretary until after it has been examined further by those who were present at the meeting on the Canadian side.

2. This summary record contains no mention of the reference by Mr. Dulles to the invitation from the Caracas meeting for Canada to participate in the activities of the Organization of American States.[92] The reason for this omission is that it was not clear at the time that Mr. Dulles had, in fact, been instructed to extend such an invitation or that he meant his rather bantering reference to the subject to be taken seriously.

R.A. M[ACKAY]

[PIÈCE JOINTE/ENCLOSURE]

Résumé du compte-rendu de la première réunion de la commission mixte canado-américaine du commerce et des affaires économiques

Summary Record of the First Meeting of the Joint Canada-United States Committee on Trade and Economic Affairs

SECRET [Ottawa], March 18, 1954

Mr. Dulles opened the meeting by welcoming the Canadian Ministers and saying now important he thought the meetings of this Committee could be in assisting the United States and Canada to move in step in economic matters. He was sure that it would be desirable to keep the meeting as informal as possible in order that Ministers would feel free to say exactly what they had in their minds. He hoped that the conversation would be as frank and open as if they were sitting around chatting after dinner. In order that their talks might follow some pattern, he suggested that they might discuss the topics which seemed of interest to both sides in the following order:

[91] Aucun autre compte rendu de cette réunion n'a été trouvé./No other record for this meeting was located.

[92] Voir/See Documents 821, 822.

(a) the work of the Commission on Foreign Economic Policy;

(b) progress on international trade and payments problems;

(c) United States and Canadian agricultural policies and their relation to international trade;

(d) methods of disposal of existing agricultural surpluses and those which may be expected to accumulate in the future.

2. In reply, Mr. Howe said how glad the Canadian Ministers were to have this opportunity to meet with their opposite numbers from the United States and how appreciative they were of the hospitality received from their U.S. hosts. He indicated that the agenda proposed by Mr. Dulles was quite agreeable to the Canadian side. He then made an introductory statement along somewhat the following lines indicating the main points which the Canadian Ministers had in mind in connection with the various subjects to be discussed.

Agricultural Surpluses[93]

Mr. Howe recognized the problems created by the accumulation of large agricultural surpluses in recent years, particularly in the United States, but expressed the hope that whatever had to be done to deal with such surpluses would be done in a manner which would not have an upsetting effect on the economies of other countries throughout the world. He thought there was a real danger of setting off a world-wide depression if surpluses were to be released in a hasty or indiscriminate fashion.

In the case of wheat especially, he doubted that devices which had the effect of directly or indirectly lowering prices would result in any substantial increase in consumption or sales. He appreciated the willingness which the United States had shown to consult with Canada and other interested countries on disposals under Section 550 of the Mutual Security Act or under other special arrangements which the United States had contemplated from time to time.[94] In general, he was considerably worried by the proposals for selling wheat in return for local currencies, particularly if such sales were to be made to countries which are members of the International Wheat Agreement.

Mr. Howe observed that many of the existing agricultural surpluses may turn out to be temporary and the problems associated with them may disappear. To a considerable extent, the present surpluses are the result of exceptionally good harvests in the United States and elsewhere and of the fact that many consuming countries had been holding down their purchases from abroad by drawing on stocks. These factors would not continue to operate indefinitely, and it might well be that

[93] Voir/See Section A.

[94] L'article 550 de la Loi de sécurité mutuelle de 1953 prévoyait une somme d'au moins 100 million $, mais ne dépassant pas 250 millions $ pour l'achat de produits agricoles excédentaires par des pays amis. Pour le texte, voir:/
Section 550 of the Mutual Security Act of 1953 provided at least $100 million but no more than $250 million of appropriated funds for financing the purchase of surplus agricultural commodities by friendly countries. For text, see:
Documents on International Affairs 1953, London: Oxford University Press-Royal Institute of International Affairs, 1956, pp. 254-255.

shortages would develop in some commodities where "burdensome" surpluses now exist.

Import Restrictions

Mr. Howe referred to the concern which was felt in Canada at the restrictions which the United States had imposed on goods coming in from other countries.[95] In addition to the economic consequences of such import restrictions, it should be recognized that these restrictions tend to have psychological effects abroad which may be out of proportion to the real importance of the trade affected. He referred to the pressures which were being experienced in Canada to curtail imports of U.S. products. When exports to the United States of such commodities as flaxseed, dairy products and oats were being restricted (and when there were rumours of impending restrictions on rye), it was hard for many Canadians to see why Canada should not in turn curtail trade in certain U.S. products. Referring particularly to the action which the Tariff Commission had recommended on rye imports, Mr. Howe wondered whether the effects of the relatively small shipments of Canadian rye into the United States could really be so serious that the U.S. Administration should run the risk of the kind of reaction which might be expected from Canada. He pointed out that only some $9 million seemed to be involved (that is, the difference between current imports of $12 million and the proposed limit of some $3 million). He doubted that the keeping out of this amount of imports from Canada would be worth the shock which the imposition of such a quota would give to the Canadian people.

International Trade and Payments Situation

Mr. Howe noted that Mr. Abbott would be saying more on this subject at a later stage. He himself was pleased to observe the progress which had been made in recent years. He regarded the Randall recommendations as constructive and felt that their adoption would speed up the process of improving the international trade and payments position.

Customs Administration and Simplification

Mr. Howe referred to the many difficulties, quite apart from the level of the tariff, which were being experienced by many Canadians who were selling — or trying to sell — in the United States market. He noted that the Jenkins Bill which was now before Congress would improve the situation considerably at least in respect of the method of valuing goods for customs purposes.[96]

General Agreement on Tariffs and Trade

Mr. Howe referred to the forthcoming review of the provisions of this Agreement.[97] He hoped that in this international review countries would not endeavour to

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[95] Voir/See Section C.

[96] Un projet de loi piloté par le représentant Thomas A. Jenkins (Républicain—Ohio) pour simplifier les procédures douanières américaines.
A bill sponsored by Representative Thomas A. Jenkins (Republican—Ohio) to simplify American customs procedures.

[97] Voir/See Document 218.

subtract from the obligations which they have undertaken to reduce barriers to trade. From his own experience at meetings of the Contracting Parties to the GATT, he knew what an important role the United States and Canada could play in giving a lead to other countries.

A problem of very great importance which would have to be faced fairly soon was that of absorbing Japan into the GATT. Mr. Howe remarked that, for its part, Canada was hoping to conclude an agreement with Japan within the next few days which would give Japanese trade the benefit of Canada's relatively low most-favoured-nation rates of duty.[98] He observed that the United States tariff on the types of goods exported by Japan was still very high, and he doubted that the tariff reduction authority envisaged in the Randall Report would be sufficient to permit of the kind of negotiations that would be required to enable Japan to come into the GATT effectively. He enquired whether, in addition to the tariff negotiating powers recommended by the Randall Commission, the U.S. Administration might seek to have the authority in the present Reciprocal Trade Agreements Act continued as well. Mr. Howe then indicated what a useful and businesslike mechanism the GATT had proven itself to be over the past several years. He considered it most important that the effectiveness of this agreement should not be weakened.

3. Mr. Dulles welcomed these general remarks from Mr. Howe which the members of the Committee would wish to have very much in mind in the subsequent discussion of the various topics which they were to consider. He suggested that the Joint Secretaries should give some thought to the lines which the press communiqué might take, and he proposed that they produce a draft over the noon hour which could be discussed at the end of the afternoon meeting. Mr. Dulles then proposed that the Committee should proceed to discuss the particular items on its agenda.

I. THE WORK OF THE COMMISSION ON FOREIGN ECONOMIC POLICY

4. Governor Adams described the character of the Randall Commission. He emphasized that it represented a cross-section of United States opinion.

5. Mr. Hauge, in commenting on the recommendations which had been made by the Commission, observed that they did not involve a "Repeal of the Corn Laws". The Commission had recognized that the process of developing a suitable commercial policy for the United States would have to be gradual and would involve a good deal a serious discussion in Congress and elsewhere. To a considerable extent, the first round of this discussion had taken place within the Commission. Other rounds would now have to follow.

6. Mr. Hauge stated that the tariff reduction authority proposed in the Randall Report was intended to replace the powers provided by any existing laws. It was recognized that, in those cases where the scope for tariff reductions under present legislation had not been exhausted, adoption of the Randall Recommendations might reduce rather than increase the President's authority to bring tariff rates down.

[98] Voir/See Document 815.

7. With reference to the Jenkins Bill, which contained important provisions relating to valuation and currency conversion for customs purposes, Mr. Hauge was fairly confident that this legislation would be enacted. It its further consideration of this measure, Congress would doubtless be influenced somewhat by the nature of the rest of the President's foreign economic programme. Mr. Hauge remarked on the rather surprising fact that some of the members of Congress who were most opposed to changes in tariff rates (e.g. Congressman Reed) were often very much in favour of improvements in customs practices.

8. Mr. Hauge described the Buy American Act as a hangover from depression days and felt that some action might be taken on it.

9. Concerning metals and minerals policy, Mr. Hauge indicated that the Randall Recommendations would be considered along with the Report of the President's Committee on Minerals Policy which is likely to be available later this month.

10. Regarding the observations in the Report on agricultural price supports, Mr. Hauge remarked that these recognized the connection between domestic policies and international trade. During recent years, the U.S. price support programme had tended to suck in imports from abroad in excessive amounts. In order to avoid undue interference with imports, and for other reasons, it was necessary to revise this programme. Mr. Hauge observed that, in those instances where the Randall Report was at variance with the President's agricultural message, the latter would govern.

11. On the subject of convertibility, Mr. Hauge remarked that the Randall Commission had not envisaged any "dash to the tape" and had emphasized the importance of having favourable conditions for any moves which might be made. He thought that, on balance, the Randall Commission had displayed a sympathetic attitude towards proposals for convertibility of the major currencies.

12. Mr. Hauge also referred to the recommendations in the Randall Report regarding investments and mentioned that a new lending policy for the Export-Import Bank had been announced at the Caracas meeting.

13. Concerning other recommendations of the Commission, Mr. Hauge observed that those relating to anti-trust matters, standards of labour, etc. would not require legislation, but could be given effect where appropriate by administrative action.

14. In summary, Mr. Hauge expected that the President's message would generally convert the recommendations in the Randall Report into requests for legislation. He thought that some seven or eight pieces of legislation would be required:

(a) a Trade Agreements Act;

(b) the Jenkins Bill on customs valuation, etc.

(c) a measure authorizing the Administration to start work on customs simplification (including classifications);

(d) amendments to the Buy American Act;

(e) a Bill relating to metals and minerals (following the submission of the Report of the President's Committee);

(f) certain tax measures which are already before Congress;

(g) Foreign Aid legislation.

15. Governor Adams referred to the political factors affecting the President's foreign economic policy. He noted that the Republican Party had a tradition of protectionism dating back to the period of industrialization in the United States. He thought that this policy had served the country well during that period. This attitude was now undergoing a considerable change. He felt that this change was partly due to the increased influence of the farmer on the Republican Party. The interest of the agricultural producer in maintaining and increasing foreign markets was now being reflected in the Party's outlook. Governor Adams thought that most of the recommendations in the Randall Report could be legislated. In any event, every resource of the Administration will be used to bring recommendations on those lines into effect.

16. Mr. Howe remarked that the U.S. and Canadian members of the Committee seemed to think alike on the importance of the Randall recommendations. He was convinced that if those recommendations are carried out effectively it will represent a considerable step ahead.

17. Mr. Abbott then enquired concerning the timetable for action on the President's foreign economic programme.

18. Governor Adams replied that the President's recommendations would probably go to Congress this week. The House of Representatives should be able to take them up in a matter of some four to six weeks. The Senate might be somewhat slower in starting action as it has a pretty full calendar already. Governor Adams was hopeful that action could be taken during this Congress on all of the foreign economic measures to be submitted by the Administration.

19. Mr. Pearson said that he would like to hear rather more of the plans of the Administration relating to the GATT. The Canadian Government was impressed with the important part which this Agreement had already played in international economic relations and felt that its role would be increasingly important with the sharpening of competition among countries which was now taking place. Mr. Pearson considered that, from the point of view of its general relations with other countries, the United States might find it very desirable to have an international agreement and an international forum of the kind now represented by the GATT. Mr. Howe referred to the remarks which he had made earlier on this subject and said that it would be useful to know what the intentions of the U.S. Administration were.

20. Mr. Hauge recalled the apprehension which had found expression in Congress on numerous occasions in the recent past (especially in connection with the Bricker Amendment) concerning the respective powers of the Administration and Congress relating to international commitments. The general position of the Randall Commission (and apparently of the Administration) was that:

(a) multilateral trade negotiations and agreements are still necessary;

(b) some internationally-accepted rules are also required to protect concessions secured under such agreements;

(c) no executive agreements in this field should be so broad as to cover any subject matter on which the President's rights are questionable;

(d) during the course of an agreement there should be no change in the rights or obligations of the United States without the concurrence of the U.S. Government;

(e) multilateral trade agreements involving tariff rates should not have to go to Congress. (Mr. Hauge emphasized that no member of the Commission had wanted rate setting to be performed by Congress);

(f) in the agricultural field, there was no prospect of getting away from Section 22 of the Agricultural Adjustment Act. (Mr. Hauge referred to this as a "sticking point");[99]

(h) certain aspects of the rules in the GATT (especially those relating to limitations on state trading, the use of export controls, etc.) were clearly in the interests of the United States.

21. Governor Adams observed that the President's recommendations will be aimed at carrying out the spirit if not the letter of the Randall Report.

22. Mr. Weeks remarked that the incorporation in a statute of some basic standards and procedures would make it a little easier to secure acceptance of the President's programme. Mr. Hauge agreed with this view and noted that, if action on the lines now contemplated were to be taken, the opponents of the President's objectives would at least be deprived of procedural grounds for criticizing the programme.

23. Mr. Pearson asked whether in the forthcoming negotiations on the GATT the U.S. Government was likely to seek a relaxation of the agricultural provisions affecting the United States and a tightening up of the balance of payments provisions affecting other countries.

24. Mr. Hauge said that no change was envisaged in Section 22 of the A.A.A. It had been difficult enough to limit Congress last year to amendments which permitted action by the Administration against agricultural imports prior to the receipt of the Tariff Commission's recommendations in particular cases. So far this power had not been used. He could not imagine Congress weakening the obligations imposed on the President by the present version of Section 22. This situation would have an effect on the attitude of the United States in any GATT discussions.

25. Mr. Howe referred back to the question of Japan and asked whether there was anything in the proposed legislation which would make it possible to bring Japan into the GATT.

26. Mr. Hauge expressed the view that the authority which would be sought by the President would generally constitute enough to warrant another round of tariff negotiations. He recognized, however, that Japan presented special problems. In the Randall Report there was no thought of making an exception of Japan. If anything

[99] L'article 22 de l'Agricultural Adjustment Act exigeait que le président impose des restrictions sur les importations de produits agricoles qui entravaient certains programmes agricoles, notamment ceux ayant pour objet de réduire la production et la commercialisation nationales, et de soutenir les prix intérieurs.
Section 22 of the Agricultural Adjustment Act required the President to impose restrictions on imports of agricultural products which interfered with certain agricultural programs, including those designed to restrict domestic production and marketing, and to support domestic prices.

were now to be done in that direction, it would presumably be on the recommendation of the Secretary of State.

27. Mr. Dulles observed that the Japanese economy had been artificially supported for sometime and that, with the cessation of the Korean war, the economic outlook for Japan was rather dismal. He attributed Japan's economic difficulties in part to the lack of any austerity programme of her own. He referred to the possible easing of restrictions on trade with Communist China, but felt that the potentialities of this trade were not very substantial. He considered that some developments in southeast Asia (including those in Indo-China, Malaya and Indonesia) might add to the economic dangers confronting Japan since the countries in that area constitute important sources of supply and important markets for the Japanese economy. He did not think, however, that the fall of Southeast Asia should be assumed or that calculations should be made on that basis. There appeared to be substantial possibilities of increasing trade with such countries as the Philippines, Malaya and so on, and these might be adequate if the channels of trade could be re-opened. In this connection, he noted the strong anti-Japanese sentiment in some of these countries and the claims which some of them were pressing on Japan for reparations. These considerations complicated the prospect considerably. He did not think that the United States was a proper market in the long term for Japan. Neither did he think that Japan should draw a large proportion of its supplies of raw materials from the United States. In the long term, Japanese exporters would have to depend on markets in the populous areas where low quality goods were required and were much in demand. Similarly, Japan might be expected to seek sources of supply in that part of the world.

28. Mr. Dulles emphasized that it would be a major disaster affecting the whole position in the Pacific if Japan were to fall under Communist control. He recognized that special measures of a temporary character might have to be taken to keep this from happening. He was aware that the facilities under the Randall recommendations would not go very far to ease trading conditions for the Japanese. Japan might have to be dealt with as a special case.

Metals and Minerals

29. Mr. Howe suggested that this subject might be given particular attention in connection with the first agenda item.[100] It was one to which great importance was attached in Canada. Canadian producers had been dissatisfied on many occasions at finding themselves in the position of "marginal suppliers" to the United States. He would hope that sources in Canada could be treated on the same basis (except, of course, for customs duties) as sources in the United States. He referred particularly to the case of aluminum. He indicated also that there were certain matters relating to the nickel position which he might discuss separately with those concerned.

30. Mr. Weeks said that there was every disposition in the U.S. Administration to look on Canada and the United States as more or less one package in any discussions on metals and minerals. He referred to the Cabinet level committee which was considering these matters and observed that, in the case of aluminum, it had

[100] Voir aussi/See also Documents 528-547.

been decided to regard Canada and the United States as one unit for practical purposes. Where the United States had to go abroad for metals and minerals, he was confident that first thought would be given to Canada. He assumed that the United States would find a reciprocal attitude in Canada. If the United States were to depend on Canada, he assumed that the United States would find a reciprocal attitude in Canada. If the United States were to depend on Canada, he assumed that Canada would be a dependable source of supply. At an earlier stage in the discussion, Mr. Dulles had also referred to the dependence on Canada as a source of critical materials and had said that he thought the United States should not attempt to duplicate sources of supply which already existed in Canada. He would expect that, in turn, Canada would be able to give some assurance about the availability of such supplies in an emergency. Mr. Howe felt that the United States could be assured that Canadian supplies would be available when needed, and he referred to the experience of the second World War and of the Korean conflict which had shown the kind of co-operation of which Canada was capable.

31. In commenting on the observations by Mr. Weeks, Mr. Abbott thought that if the United States wished to count on Canadian supplies she would have to do more than look to them only on those occasions when she found it necessary to go abroad for supplies. He thought that Canadian suppliers should have a fair crack at the United States market at all times. Mr. Pearson remarked that what the United States apparently wanted was an assurance of the availability of Canadian supplies in times of emergency. What Canada wanted was an assurance of the availability of the United States market in times of non-emergency.

32. Mr. Weeks thought that Canadian suppliers were being given opportunities in the United States market and referred in particular to a letter which had been sent to the Bureau of the Budget requesting the suspension of the $400 a ton duty on copper for a further two years. He remarked that the position with respect to lead and zinc was more difficult. Mr. Weeks also referred to proposals which had apparently been made by the United Kingdom that nickel might be removed from the list of controlled materials and might be allowed to enter into East-West trade.

33. Mr. Dulles mentioned that, if Canada considered itself a marginal supplier, he had gathered from his conversations in Caracas that many Latin American countries considered themselves in an even more marginal position.

34. Mr. Weeks reported that the stockpiling programme of the United States was being revised and new targets were being considered which, if adopted, would substantially increase some of the goals. He thought this development should be encouraging to Canada. He mentioned particularly that the goal for copper would be raised very considerably.

35. Mr. Howe observed that one of the points involved in the nickel problem was that such large quantities were being ordered into stockpile that stainless steel production and other commercial uses were being curtailed. From the viewpoint of the longer term prospect for nickel, he hoped that the stockpiling of this metal might be slowed down.

II. PROGRESS ON INTERNATIONAL TRADE AND PAYMENTS PROBLEMS

36. Mr. Abbott said that he had been encouraged by the remarks of Governor Adams and Mr. Hauge concerning the Administration's intentions. While the recommendations of the Randall Commission and the Administration's foreign economic policy programme might be regarded as modest, they did represent a move forward. Mr. Abbott thought it important that the economic policies of the United States should be suited to that country's position as the world's most powerful creditor.

37. Mr. Abbott then remarked on the difference in attitude and determination which he had detected over the past seven years at the various international meetings which he had attended where trade and financial policies had been discussed, including the successive meetings of Commonwealth Finance Ministers.[101] He felt that up until about two years ago declarations of support for the objectives of convertibility and freer trade and payments had been lacking in conviction or enthusiasm. He thought that this was not so today. Mr. Butler, in particular, seemed to be genuinely committed to this objective. It should be appreciated, however, that even Mr. Butler would not find this an easy path. On the one hand, there were very substantial groups in the United Kingdom who favoured a type of planned economy which appeared to require a continuation of prohibitions, quotas, exchange restrictions and other controls. On the other hand, and within Mr. Butler's own Party, there was a fairly large element which favoured a strengthening of "Imperial" trading relationships at the expense of any larger trading system. Mr. Butler has so far been able to gain rather widespread acceptance of his policies and objectives, primarily for the reason that those policies are apparently getting results. Not only in the United Kingdom but also in the other Sterling Area countries, there seemed to be a greater willingness than in the past to proceed towards a freer system of trade and payments. Some at least of those countries were overcoming their earlier worries about the risks involved in freeing exchange rates and about the "dangers" from sharper competition.

38. Mr. Abbott saw no economic reason why non-resident Sterling could not be made convertible now. He observed that the time when a thing is done may be as important as the thing itself. In this particular case, one very good reason for acting soon would seem to be that, once restrictions have been removed, they are unlikely to be restored. Clearly, the decision as to when a move should be made has to be taken by the governments which bear responsibility for the currencies concerned. There was a lot to be said, however, for encouragement from other countries which shared this objective. Mr. Abbott felt that such encouragement would be supplied by effective action on the Randall recommendations (including the recommendation that an adequate amount of the Fund's resources be made available and that some stand-by credits be provided through the Federal Reserve system). Mr. Abbott repeated that he thought there was a real danger of the present opportunities being lost if advantage is not taken of them now. If this chance is missed, the political and economic relations among the countries of the West may be subjected to very serious strains.

[101] Voir/See Document 385.

39. Mr. Dulles recalled that at the time of the Eden-Butler visit to Washington, the "collective approach" was regarded as premature. If convertibility was to be attempted, it was important that the underlying conditions should be satisfactory.

40. Mr. Abbott remarked that in the interval since that visit a good number of the countries involved have taken important steps to put their houses in order.

41. Mr. Humphrey expressed his general agreement with Mr. Abbott's views and said that the undertaking of a convertibility operation for sterling had now about reached the point where the only remaining questions related to timing and details. He thought Mr. Butler understood very well that, whenever the United Kingdom was prepared to move, it would receive a sympathetic response from Washington. Mr. Humphrey felt that, when the Sterling Area is prepared to go ahead, North America should be ready to come in to support them. He thought that they were holding back at the moment in order to see what was going to happen to the United States economy. Meanwhile, the United Kingdom in particular was taking gradual, but not unimportant, steps in the direction of convertibility. He referred particularly to the opening of various commodity markets.

42. On the question of financial support, Mr. Humphrey indicated that the United States would be prepared to have the Fund drawn on; provided that was done in a manner which would not start a run on the Fund. He thought that the Fund might yield something like $2 to 2 1/2 billion for this purpose. If some supplement was necessary, the questions which Mr. Humphrey would wish to consider are: how large would that supplement have to be; should it be provided by the United States and Canada acting jointly; and how would the pooled resources be controlled? Mr. Butler had spoken of a scheme of sliding scales, but Mr. Humphrey seemed to be doubtful about this proposition and suggested that more effective sanctions would be required.

43. Mr. Abbott stated that the Canadian dollars at the disposal of the Fund could probably also be used to bolster Sterling convertibility.

44. Mr. Abbott noted the relationship between the European Payments Union and any action to make Sterling convertible. He pointed out that the EPU had been intended as a transitional arrangement, and he thought that it should still be regarded as such. He hoped that the members of EPU would not defer convertibility until the weakest participant was prepared to go along. He observed that the EPU was already undergoing certain strains and stresses as a result of the different payments positions of the various members.

45. Mr. Humphrey then expressed the view that the time when the United Kingdom might decide to undertake convertibility could very well be close at hand. If the United Kingdom was confident that U.S. trade policies would not move back and if it was satisfied that the United States economy was not going to decline, it might decide to embark on this course in a matter of months.

46. Mr. Hauge said he thought it fortunate that a tendency had developed on the part of the pessimists in Europe and the Sterling Area during the past couple of years to refer back to 1949 and to take the conditions of that year as representative of what could be expected of the United States in a recession. Those pessimists were now somewhat at a loss and might become somewhat discredited, since this

time there has been only a very slight decline in commodity prices and in the earnings of the Sterling Area despite a fall of some ten per cent in the production index.

47. Mr. Weeks then asked Mr. Abbott what the prospects were for an eventual "washing out" of imperial preferences. Mr. Abbott remarked that this might happen eventually, although — as in the case of any liberal U.S. commercial policies — the reduction of preferences was a plant of rather slow growth. In any event, he thought there was no likelihood of an increase in preferences.

III. UNITED STATES AND CANADIAN AGRICULTURAL POLICIES AND THEIR RELATIONS TO INTERNATIONAL TRADE

48. Mr. Benson began his description of the new agricultural programme of the United States by recognizing the importance for both countries of maintaining opportunities to export agricultural products. He said that the U.S. Administration was fully aware of the need to have regard for the interests of other countries, if only for the reason that those countries were actually or potentially major markets for the products of the United States. The farmers of the United States were substantially interested in international trade policies generally since they were faced with so many restrictions at present on their trade abroad.

49. Mr. Benson then outlined the agricultural programme. He declared the aims of that programme to be:

(a) the achievement of more flexibility in price supports, while at the same time maintaining a rather firm floor;

(b) the expansion of outlets for U.S. agricultural products at home and abroad;

(c) the encouragement of better balanced production by permitting effective demand to exercise a greater influence; and

(d) the improvement of farm management.

50. Mr. Benson referred briefly to the present surplus problem noting that the increased borrowing authority proposed for the Commodity Credit Corporation was no more than enough to take it through the coming year and declaring that the Administration had been able to find no alternative to the "setting aside" of a substantial part of the existing CCC stocks with a view to insulating them from commercial markets.

51. Mr. Benson stressed the thoroughness of the preparations and country-wide discussions which had preceded the formulation of the new agricultural programme. Concerning the Congressional prospects for this programme, he was hopeful that Congress would take the necessary action. He observed that, even if no legislation were to be passed, the major part of the programme could be brought into effect, since, in the absence of specific legislation to the contrary, the earlier legislation which contained some elements of the new programme would become operative automatically. With respect to Section 22 of the AAA, Mr. Benson reported that there was considerable sentiment in Congress for the re-enactment of something along the lines of the compulsory restrictions of Section 104 of the Defence Production Act.[102] He indicated that he did not himself favour this course

[102] Voir/See Volume 17, Documents 814-820.

since he thought that Section 22 could be effective. He hoped and guessed that new restrictive legislation would not be passed by this Congress.

52. Mr. Benson then referred briefly to the rye situation.

(The meeting adjourned at this stage in order to allow the members of the Committee to attend a luncheon which President Eisenhower was giving at the White House.)

53. Mr. Benson described the present stock position for rye, noted that the anticipated carry-over was likely to be very large, and observed that current production was expected to increase as a result particularly of the diversion of land from other crops to rye following on the acreage reductions imposed on those other crops. In these circumstances, he was convinced that the Administration had no alternative but to refer the case to the Tariff Commission. In this connection, he understood that Canada had been consulted and had indicated that it would not object to some action on rye.

54. Mr. Howe interjected at this point that what he had said when this matter was mentioned to him in Ottawa last December was that he would not take a complaint about rye to the GATT, but he did not intend to imply that Canada would have no objections to restrictions on rye.[103] He observed that there could scarcely be any "peril" involved for the U.S. in admitting the quantities of rye which were now coming in from Canada. While these quantities fluctuated considerably and might have been fairly high in the past twelve months, they were relatively insignificant in comparison with the total trade in grains within the United States. Mr. Howe reminded Mr. Benson that there were substantial pressures in Canada for import restrictions on certain U.S. products. He mentioned particularly textiles, refrigerators and fruits and vegetables. These pressures would be particularly difficult to resist if the U.S. appeared to be acting against Canadian goods when no substantial injury was being done to U.S. interests. He asked whether it was worth encouraging these pressures for a mere $9 million. He added that the present situation was probably temporary, whereas there was a tendency for any quotas which might be imposed as a remedial measure to become permanent (as appears to have happened in cases such as flaxseed and wheat). Whatever the intention may be when such quotas are imposed, it had to be recognized that there are great political difficulties in withdrawing such quotas especially if a terminal date is not specified in advance.

55. Mr. Hauge said it was true that the Tariff Commission does not tend to confine its recommendations to a set period. Their position is that they cannot judge whether the proposed remedies would be effective within a particular time. The President, however, in acting on the Tariff Commission's recommendations, may specify a definite and limited period of time if that seems warranted.

56. Mr. Howe stated that restrictions on rye would not be as objectionable if they were made applicable for only a short period. He hoped that, in cases such as these, the U.S. would recognize the value of having informal consultations with Canada before taking any action. He noted that where there had been such consultations (e.g. in the case of oats) it had proved possible to work out arrangements which

[103] Voir/See Volume 19, Document 862. Voir aussi/See also Document 526.

were less objectionable than direct action by the U.S. (Mr. Dulles remarked that while in Caracas he received rather vigorous complaints from the Argentine Minister of Foreign Affairs who alleged that the United States had acted illegally in this instance).

57. Mr. Howe remarked that wherever restrictions on trade were unavoidable, it was desirable that they should take the form which would do the least damage and be least likely to provoke unfortunate reactions. He referred again to the position of U.S. fruits and vegetables in the Canadian market. At this point, Mr. Benson enquired whether Canada was not already restricting imports of U.S. fruits and vegetables. Mr. Howe replied that what was being done at present represented a generally accepted practice and merely involved certain seasonal tariff increases for short periods in the year. Mr. Abbott added that it would be a mistake to think of this very moderate protection as the limit to which Canadian restrictions on fruits and vegetables might go if the pressures became extreme as a result of U.S. treatment of Canadian products. He recalled that restrictions of quite a different order had been imposed by Canada during part of the period of exchange control and remarked that those restrictions had been felt not only by Canadian consumers but also be producers and traders in fruits and vegetables all over the United States.

IV. METHODS OF DISPOSAL OF EXISTING AGRICULTURAL SURPLUSES AND THOSE WHICH MAY BE EXPECTED TO ACCUMULATE IN THE FUTURE

58. Referring more particularly to the plans of the Administration for disposing of some of the present agricultural surpluses, Mr. Benson re-iterated that it was the intention of the U.S. Government not to affect normal marketings.

59. Mr. Howe welcomed this re-affirmation of U.S. policy in this matter. He thought, however, that recent developments had shown the difficulty of carrying through disposal operations on special terms without disturbing ordinary commercial sales. In the case of Japan, it had proved possible to work out certain arrangements, and Canada would now have no objection to the United States going ahead with its projected deal in wheat and barley with that country.[104] Reported proposals for sales of wheat to Spain in return for local currency seemed considerably more unsatisfactory. While Canada had normally only a relatively small place in the Spanish market, Australia and some other countries had traditionally sold substantial quantities to Spain. In Mr. Howe's view, the most worrying proposal of which he had heard was that for a special deal with Western Germany. This proposed transaction with a member of the International Wheat Agreement could have a very upsetting effect on Canadian sales and on those of other wheat producing countries.

60. Mr. Benson explained that the arrangements with Spain had been made in order to permit of the financing of the local costs of airfields and other military facilities in that country. With respect to the proposal for West Germany, Mr. Benson's understanding was that no deal had yet been completed. Mr. Benson then went on to point out that the sales of the United States outside the International Wheat Agreement had been extremely limited, while Canadian sales had been increasing.

[104] Voir/See Document 817.

61. Mr. Howe observed that Canada's portion of the world wheat trade appeared to be about the same this year as last. Canada had sold very little outside the I.W.A. except to our traditional market in the U.K. In part, the maintenance of Canadian sales was due to the fact that importing countries required a certain proportion of high protein wheat to mix with the quantities of soft wheat which they were securing from other sources. Any decline in the U.S. share of the world market would appear to have benefitted Argentina and certain other producers rather than Canada.

62. Mr. Benson noted that, if wheat prices in the United States reached a more reasonable level as a result of the Administration's agricultural programme, a good deal of the excessive wheat acreage in the eastern part of the United States might go out of production.

63. Governor Adams reminded the Committee that the surplus problem had been with the Eisenhower Administration since the beginning. In fact, it had existed previously. In these circumstances, it could hardly be said that the present Administration had not moved slowly and carefully. Governor Adams emphasized, however, that the U.S. Government would be moving more aggressively in promoting sales of agricultural products abroad in the immediate future. While the size of present surpluses might be at the basis of some of the concern which was evident throughout the United States, the Administration was more worried about the deterioration of some of the stocks and about the high storage charges (of rather more than half a million dollars a day) involved in holding present stocks. The Administration still proposed to move carefully and in consultation with other interested Governments, but effective action would have to be taken. In this connection, he referred to the establishment of an inter-agency committee on this subject within the U.S. Administration including participants from the Department of Agriculture, the State Department, the Foreign Operations Administration, the Bureau of the Budget, and the Department of Defence. Governor Adams also mentioned that Mr. Clarence Francis of General Foods had been appointed with particular responsibility for organizing the sale and disposal of U.S. agricultural products. Mr. Francis was not moving impetuously. He had decided to carry through a sixty or ninety day study before making up his mind on the right course of action. Upon the completion of this study and after consultation with the U.S. agencies concerned, Mr. Francis will present a report to the President. Governor Adams thought there would probably then be consultation with the various countries concerned.

64. Governor Adams thought there was considerable scope for useful disposal of agricultural surpluses within the United States and that these possibilities had not yet been exhausted.

65. Mr. Howe noted that there was some uneasiness in Canada about present Canadian surpluses. In the case of butter, the quantity involved was already very substantial, and in the case of wheat Canada's surplus was about 3/4 as large as that of the United States. In connection with the latter figure, it was to be appreciated that the domestic market in Canada was only a fraction of the size of the large U.S. home market.

66. Mr. Benson also expressed the view that there was a good possibility of bringing about a long term increase in the feeding of wheat to livestock and poultry, etc.

67. Governor Adams declared that in the handling of its surpluses, particularly wheat, the United States would avoid undue price cutting. Mr. Benson added that there was no disposition on the part of the United States to disrupt markets by dumping or anything like that. Price-cutting would be as injurious to the United States as to Canada.

68. Mr. Abbott returned to the point made earlier about the real possibility of a decline in wheat and related prices (including rice prices) setting off a world-wide depression.

69. Mr. Benson referred to the trade missions which the United States would be sending off shortly to Latin America, Europe and the Far East. When asked whether these missions would be working out special deals for local currencies, etc., Mr. Benson replied that the missions themselves would not be able to make any particular offers.

70. There was then some brief discussion on the possibilities of increasing consumption of wheat abroad by changes in diet, methods of cooking, etc. It was generally felt that a reduction in the price of wheat would not greatly increase total consumption.

71. Mr. Howe felt that there were advantages in viewing the disposal of existing wheat surpluses as a North American problem. He thought it would be in the general interest if those concerned with the difficulties involved were to talk them over. He mentioned that, if worries developed about price trends, there might usefully be some discussion on that subject. He referred to the recent occasion when Canada had informed the United States in advance of its intention to equalize the prices for wheat from eastern and western Canadian ports. He hoped that both countries would keep out of the "give-away" field and that they would, so far as possible, handle their wheat on a commercial basis.

72. Mr. Benson was sure that the U.S. authorities would be glad to keep closely in touch with their Canadian opposite numbers. He then asked what the views of Canadian Ministers were on the dairy situation.

73. Mr. Howe observed that Canada was not as worried about perishables as it was about wheat and some other commodities. Mr. Abbott added that, of course, some other countries were very acutely interested in the international trade in dairy products.

74. Mr. Benson reported that there was some pressure from U.S. cheese producers concerning recent importations of Canadian cheese.

75. Mr. Gardiner thought that the quantities of Canadian cheese entering the United States were not very substantial. He then described the various informal devices which were used in Canada to encourage or discourage the production of particular agricultural products. He indicated that the consultations among the Federal and Provincial authorities and the agricultural groups in Canada in 1942 (accompanied by certain payment arrangements) had been effective in curtailing the production of wheat and that consultations in the subsequent period had been successful in restoring production, although the acreage had been kept below the level of 1942. Mr. Gardiner then referred to the importance of the trade between Canada and the United States in certain commodities. He noted that in the case of

potatoes Canada now buys almost as large a quantity from the United States as it sells to the U.S. market. Mr. Gardiner emphasized the continuing importance for Canada of sales of cattle to the United States. Apples also were a commodity which depended almost entirely on the existence of a United States market. Since Canadian farmers had been fairly well persuaded to reduce their production of perishable foodstuffs, Canada's interest in export markets for these products was not substantial, and the Canadian Government would be prepared to discuss particular cases with the United States authorities.

76. Mr. Howe observed in general that, if the flow of agricultural products in one direction across the Border was to be curtailed, it was very likely that the flow the other way would also be disturbed. It was not conceivable that the United States could add brick upon brick to the wall on its side without interrupting the flow of trade in both directions. Mr. Howe hoped that the Administration would do its best to avoid using Section 22 or restricting imports in other ways.

77. Governor Adams observed that the future actions of the Administration depended very much on the success achieved in getting acceptance of the President's whole foreign economic policy programme.

78. Mr. Dulles concluded by saying how important the new Administration had regarded the original conversations on economic policies with Mr. Eden and Mr. Butler. While the United States might not be as mature in economic affairs as in political and military matters, Mr. Dulles indicated that this should not be taken as reflecting any lack of recognition of the vital importance of economic relations.

79. The Committee then proceeded to discuss the draft communiqué.[105]

. . .

82. At the conclusion of the meeting, various Ministers expressed their satisfaction with the discussions which had taken place.

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83. As Mr. Abbott indicated in the course of the meeting, the Canadian position paper† on trade and payments was left behind with the U.S. Joint Secretary for circulation to the U.S. members of the Committee. With Mr. Howe's concurrence, the position paper† on metals and minerals and the memorandum on rye were also given to the U.S. Joint Secretary for circulation to the U.S. Ministers with the summary record of the meeting. A copy of the memorandum on rye is attached. Copies of the other two papers were included in the documentation for the meeting.

A.E. RITCHIE
Canadian Joint Secretary

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[105] Voir Canada, Ministère des Affaires extérieures, *Affaires Extérieures*, volume 6, N° 4, 1954, pp. 130-132./See Canada, Department of External Affairs, *External Affairs*, Volume 6, No. 4, 1954, pp. 126-128.

SECTION C

RESTRICTIONS DES ÉTATS-UNIS SUR LES IMPORTATIONS
UNITED STATES RESTRICTIONS ON IMPORTS

526. DEA/6780-40

Le président des États-Unis
au premier ministre

President of United States
to Prime Minister

Washington, March 31, 1954

Dear Mr. Prime Minister:

As you know, action has just been taken by this Government limiting the importation of rye into the United States. Since this measure so largely concerns your country, I want you to know that under existing law there was no alternative for me but to approve the unanimous findings and recommendations of the United States Tariff Commission in this matter.

I approved this course of action reluctantly, not only because of my own determination to work for freer rather than more restricted trade, but more especially because the action affects Canada, our staunch friend and valued customer. In order to minimize the need in the future for this type of measure, I am seeking from the Congress authority to remove some of the rigidities from our agricultural program and to advance further the cause of liberal commercial policy.

I was glad, however, to adopt the suggestion put forth informally by your Minister of Trade and Commerce and Defense Production at the recent economic and trade talks in Washington that if any quota action on rye were taken, it be limited in time.[106] The action just taken is limited to the period ending with the next full marketing year, June 30, 1955.

I was happy to have the opportunity to visit with your Ministers when they were here recently. The discussions were highly rewarding from our point of view and I believe the Canadian representatives felt likewise. I am certain that visits of that kind between old friends on a continuing basis will reinforce the strong ties that now bind us together. It is in that spirit that I am dispatching these personal lines to you.

Sincerely,
DWIGHT EISENHOWER

[106] Voir/See Document 525.

527. DEA/6780-40

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

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-891 Ottawa, May 27, 1954

SECRET. MOST IMMEDIATE.

GROUNDFISH FILLETS

Cabinet has now approved a note on groundfish fillets which is reproduced below. I should be grateful if you could arrange to have this note presented to the State Department at a high level as soon as possible, preferably this afternoon. You should also ensure that a copy of this note reaches a senior officer (possibly Governor Adams) at the White House. It would be desirable for you to keep in touch with Mr. Mitchell Sharp in connection with these representations:

2. Following is the text of the note:

The Canadian Ambassador presents his compliments to the Secretary of State and has the honour to refer to the recently completed investigation by the U.S. Tariff Commission into the trade in groundfish fillets.

2. The Canadian Government has been informed that the majority of those members of the Tariff Commission who were present during the preparation of the report have now recommended certain tariff and quota actions against imports of groundfish fillets from Canada and other countries. Under the terms of the Agreement governing trade relations between the United States and Canada, the Canadian Government would, of course, expect to be consulted well in advance of any final decision if it were intended to implement these recommendations. Meanwhile, the Canadian Government desires to submit its views on certain aspects of this subject to the United States authorities.

3. The Secretary of State will recall that a note was presented by the Canadian Ambassador on July 20, 1953 pointing out that exports from Canada of groundfish fillets are of traditional importance to Canadian trade with the United States and stressing that restrictions on imports of this commodity would have serious consequences not only for trade but for other aspects of relationship between the two countries.

4. In re-affirming the view expressed in that note, the Canadian Government wishes to draw to the attention of the Secretary of State certain special features of the long-standing cooperative arrangements existing between Canada and the United States with regard to the fishing industries. These arrangements are indeed of a unique character. The two countries acting jointly have led the world in fisheries conservation and have established numerous commissions on both coasts to develop and protect the stocks of fish.

5. The long-established history of joint conservation in certain Pacific waters, because of the intermingling of stocks and fishing operations, has made it scarcely practicable to segregate the operations and administration of the two countries' fisheries in that area; a fact which is clearly asserted and recognized in the international fisheries treaty between Canada, the U.S. and Japan. On the Pacific coast special port privileges are granted by each country to the other and U.S. vessels are permitted to land fish in bond at Prince Rupert and ship it direct to the mid-west markets of the U.S. Unrestricted passage through British Columbia coastal waters has always been granted the U.S. fishing fleets moving between the State of Washington and Alaska. U.S. vessels have been permitted to fish in Hecate Straits between the Queen Charlotte Islands and the mainland coast of British Columbia.

6. On the Atlantic coast as well there is a degree of cooperation not equalled elsewhere in the world. U.S. fisherman are given privileges accorded no others in Newfoundland, the Magdalen Islands and along the Labrador coast. Since 1888 Canada has unilaterally given United States fisherman additional privileges in Atlantic ports not enjoyed by fishermen of other countries.

7. Artificial interference with the marketing of fish would not seem to be consistent with the purposes of these joint conservation activities.

8. The tariff treatment of groundfish fillets has long been the subject of negotiation and agreement between the U.S. and Canada. The present rates of duty have been in force for many years. They were established in the trade agreement of 1938 and were subsequently incorporated in the tariff schedules to the General Agreement on Tariffs and Trade. Those rates along with the other GATT tariff rates continue to be bound.

9. The trade which has taken place in these products under these long-standing arrangements has contributed significantly to the development of sound economic relations between the U.S. and Canada. The fisheries of the Canadian Atlantic Coast have been adapted to meet the requirements of this trade and have become heavily dependent on it. This is particularly true of Newfoundland. The implementation of the recommendations of the Tariff Commission would result in damage and disorganization of the industry in these sections of Canada, which have to rely on this trade for much of their livelihood.

10. The trade in groundfish fillets is governed by the general undertaking in GATT not to impose quantitative restrictions or to take similar measures except in very extraordinary circumstances when "as a result of unforeseen developments and of the effect of the obligations incurred by a contracting party . . ." the product is being imported "in such increased quantities and under such conditions as to cause or threaten serious injury to domestic producers . . . of like or directly competitive products."

11. The Canadian Government thinks it necessary to place on record that it is not satisfied that the actions now proposed by the Tariff Commission are in keeping with the requirements of the "escape clause" of GATT referred to in the preceding paragraph. It questions whether an examination of all relevant factors would justify the conclusion that the traditional customs treatment of these products has resulted in imports in quantities which cause or threaten serious injury to domestic produc-

ers. It appears to the Canadian Government that any difficulties which the industry in the U.S. has been experiencing during the past few years are more correctly attributable to numerous complex circumstances including interruptions of activity in the industry and the necessity for the fishing fleet to go farther and farther afield as nearby fishing grounds have become depleted. So far as the effects of imports are concerned, however, sections of the industry in the U.S. have in fact benefitted substantially from the availability of imported raw materials.

12. It is assumed that the President will take into account not only all the factors affecting the position of the domestic industry but also the international obligations of the U.S., the importance of relations with the areas involved outside the U.S. and the particularly close cooperation which exists between the United States and Canadian fishing industries. The Canadian Government recalls that the United States and Canadian members of the Joint Committee on Trade and Economic Affairs at their first meeting, after noting that the flow of trade between Canada and the United States is greater than that between any other two countries, agreed on "the desirability of avoiding any action which would interfere with this trade from which the two countries derive such great benefits."

13. The trade in groundfish fillets is not only important in itself but is also widely regarded in Canada, in the light of the various considerations referred to in this note, as exemplifying the economic cooperation from which both countries have derived such substantial benefits. Consequently, the United States Government will be aware that any restrictions on this trade would have repercussions which would inevitably extend beyond this particular field and which would have an undesirable effect on relations between Canada and the United States. The Canadian Government expects it would be afforded a full opportunity for consultation on this matter, as provided in our trade agreement, if there is any likelihood that the recommendations of the Tariff Commission may be implemented, but is confident that the President will not take the actions recommended by the Commission after these have been reviewed in the light of the wider considerations involved.

DEA/6780-40

528.

Le chargé d'affaires de l'ambassade aux États-Unis au secrétaire d'État aux Affaires extérieures

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

TELEGRAM WA-941 Washington, May 27, 1954

SECRET. IMMEDIATE.

Reference: Our telegram WA-929 of today's date.†

RECENT RECOMMENDATIONS OF THE UNITED STATES TARIFF COMMISSION

This morning Mitchell Sharp, accompanied by LePan, called on Gabriel Hauge, Administrative Assistant to the President for Economic Affairs, to discuss with him

recent recommendations by the United States Tariff Commission of interest to Canada. Sharp explained that he was in Washington primarily to confer with officials of the United States Department of Agriculture about the marketing of wheat and feed grains; but, in addition, he had been instructed by Mr. Howe to express to officials in the White House the grave concern felt in Ottawa about the recommendations for increased protection for groundfish fillets, lead and zinc, and alsike clover seed, and to outline some of the consequences if these recommendations were accepted by the President. Since the Canadian Government had not yet had time to give careful thought to the implications of the recommendations on lead and zinc and alsike clover, most of his remarks would apply particularly to the recommendations on groundfish fillets.

2. Sharp made it clear that very serious injury would be done to the fishing industry in Canada, and particularly in Newfoundland and the Maritime Provinces, if the recommendations for import quotas and higher rates of duty were adopted. He referred to the efforts that have recently been made to modernize fishing operations in Newfoundland, and said that they would be dealt an almost mortal blow if the growing market in the United States for frozen fillets was curtailed by Presidential action pursuant to the recommendations.

3. The Canadian Government, he went on, had been disturbed by United States action to limit imports of oats[107] and rye. But it was realized in Canada, as well as in the United States, that there were special problems involved in agricultural production and that, so long as agricultural prices were maintained at artificially high levels by price supports, some limitation of imports might become almost inevitable. The recommendations now before the President, however, were in an entirely different category. They were based on enquiries undertaken in accordance with the "escape clause" of the Trade Agreements Act rather than section 22 of the Agricultural Adjustment Act, and their purpose was purely and simply to protect United States producers rather than to safeguard price support programmes designed to help United States farmers. Moreover, the problems in Canada of making adjustments would be infinitely greater. In particular, it was very difficult to see what could be done to assist fishermen in Newfoundland and the Maritime Provinces, many of whom had extremely small cash incomes, if the President decided to accept the Tariff Commission's recommendations on groundfish fillets.

4. After studying the report on groundfish fillets, the Canadian Government had come to the conclusion that it was almost unthinkable that the President would accept the majority recommendations. A number of reasons had contributed to this optimistic view. In the first place, the minority report seemed a much more accurate statement of the reasons why New England fishermen were in difficulties and provided cogent reasons why the President should refuse to take action. Secondly, there had, in recent months, been an important development within the fish trade in the United States which would lead many interests in this country to oppose any increase in the level of protection against imports of Canadian fillets. Sales of fish sticks had risen sharply, and many of the processors depended for their raw mate-

[107] Voir/See Volume 19, Document 863.

rial on frozen blocks imported from Canada. They would certainly object to this source of supply being choked off. Finally, it had seemed inconceivable to the Canadian Government that the President would be willing to take action that would do serious injury to three areas of such strategic importance to the United States as Newfoundland, Iceland and Norway. The lease by the United Kingdom of bases in Newfoundland to the United States had left scars that were by no means entirely healed. Sharp, who had recently been in Newfoundland, cited a number of incidents to show how easy it would be for feeling in Newfoundland arising out of the bases deal to become inflamed if the United States were to take measures flagrantly at variance to Newfoundland's economic interest. Although he could not speak for Iceland and Norway, he imagined that the economic and political effects in those two countries would be equally serious.

5. Within the next few days a formal note would be presented by the Canadian Embassy to the State Department Sharp said. The note had been drafted on the optimistic assumption that the President would reject the Tariff Commission's recommendations. If that assumption could not be relied on, however, the Canadian authorities would like to know so that they could modify the text of the note accordingly. In particular, he wondered whether it would be useful to Hauge and his associates in the White House in resisting pressure from United States fishermen if the Canadian note were to mention the likelihood that the Canadian Government would make compensatory withdrawals of concessions previously granted to the United States, should the recommendations be accepted. It was far from the wish of the Canadian Government to become involved in retaliatory action of that kind. But the Cabinet had carefully considered it and had come to the conclusion that it would be virtually unavoidable in the event that the recommendations on groundfish fillets were put into effect. The concessions negotiated with the United States on groundfish fillets had been paid for by matching Canadian concessions so that, if they were withdrawn, the Canadian Government would be almost compelled to proceed, without rancour but without hesitation, to take answering measures against some United States imports. For example, United States quotas against Canadian groundfish fillets might be met by Canadian measures against imports of California and Florida oranges. Similarly, higher tariff duties on lead and zinc might be countered by increases in the Canadian rates of duties levied on cotton textiles coming from the United States. Such measures would not be palatable either by the Government or people of Canada. It was hoped that the President, by firm action, would make them unnecessary. But if there was a possibility that the recommendations on groundfish fillets might be accepted, the Canadian authorities would like to know, so that their note could be drafted in a way that would take that possibility into account.

6. The thread of these remarks was broken only once when Hauge interrupted to say that he had received a number of letters from processors of fish sticks in Detroit urging that the supply of groundfish fillets from Canada should not be restricted. He indicated, however, that the contrary pressures from New England fishermen and their Senators and Congressmen were considerably stronger and he allowed it to be inferred that their pleas would be considered in the White House to be more relevant than the appeals of the processors of fish sticks.

7. When Sharp had completed his remarks, Hauge began by saying that the bias of all those in the White House was to reject, if at all possible, recommendations of the Tariff Commission for higher levels of protection. This bias would continue to operate when it was being decided how to deal with the recommendations on groundfish fillets and lead and zinc. It should also be remembered that the President's record in rejecting recommendations by the Tariff Commission under the "escape clause" procedure provided considerable grounds for confidence.

8. Turning to the specific question that Sharp had asked, Hauge expressed the tentative and personal opinion that it would be useful if the Canadian note on groundfish fillets were to mention the possibility that acceptance of the recommendations might be followed by compensatory measures to be taken by the Canadian Government. The White House would almost certainly be under strong contrary pressure from Senators and Congressmen and he could imagine occasions on which the President, or members of his staff, would think it advisable to put it into their minds that the Canadian Government might feel obliged to retaliate. He remembered, for example, that, after his visit to Ottawa last December to discuss oats with Mr. Howe and Mr. Pearson, he had warned Senator Knowland that, if the United States imposed a quota on oats, Canada might retaliate by imposing quotas on United States fruits and vegetables. On the other hand, he hoped that any reference to such a possibility in the Canadian note would not be too categorical or inflexible. He was afraid, for example, that an outright threat to retaliate, if by any accident it became public knowledge, might well produce the reverse effect to what was hoped.

9. It was noteworthy that Hauge admitted that the President's performance in dealing with recommendations from the Tariff Commission was now under scrutiny as never before. The White House was anxious, he said, to maintain at least the degree of latitude that it had under the present Trade Agreements Act and would be extremely reluctant to see such authority lapse. His clear implication seemed to be that it might be necessary to pay something in return for securing from Congress a one-year extension of the present act without amendments. As an example of the dangers he had in mind, Hauge alluded briefly to the Hunter Bill, which, in effect, would restore to Congress full authority over the United States tariff. He also disclosed that, at the President's regular meeting on Monday morning, the 24th of May, with Republican leaders in Congress, Senator Millikin had drawn it to the President's attention that he had not once during his term of office accepted recommendations by the Tariff Commission under the "escape clause" procedure for higher duties or for quantitative restrictions. Senator Millikin warned that, if the present practice continued, he did not see how Congressional action could be avoided to clip the President's existing powers over the United States tariff. This disclosure, we believe, throws considerable light on the report contained in our telegram No. WA-912 of the 25th of May† of the meeting held on Monday afternoon in the State Department to inform interested governments of the recommendations of the Tariff Commission on lead and zinc. If we were forced to guess, we would predict that, in the upshot, the President would reject the recommendations on groundfish fillets, although that cannot be taken for granted. On the other hand, we feel reasonably sure that a decision has been taken in the White House that the

Republican protectionists in Congress must be appeased by some decision by the President concurring in recommendations by the Tariff Commission for increased protection, if an extension of the Trade Agreements Act for a further year is to be obtained without crippling amendments. We also suspect that lead and zinc may already have been selected as the case on which the President will be prepared to bow to the wishes of the Tariff Commission and Republican protectionists in Congress.

10. After our meeting this morning with Hauge, we doubt whether much weight need be attached to the various alternative explanations we mentioned in our telegram No. WA-929 of today's date for the haste with which the recommendations on lead and zinc are to be considered. Hauge had not yet heard of the recommendations on alsike clover seed and stated that the White House had not asked for expedited consideration in that case, as he implied it had done in the case of lead and zinc. No general decision had been taken, he said, that all recommendations of the Tariff Commission must be processed as quickly as possible. However, he did stress again that it was essential that interested governments which had received copies of the reports should be careful to prevent possible leaks. He told us that Senator Watkins (Rep.-Utah) had written to the President asking for copies of the report on lead and zinc. Hauge had just replied in the President's name refusing his request; but he added that it would be impossible for the White House to maintain its policy of secrecy if leaks occurred through the negligence of foreign governments. In his opinion, it was of the greatest importance that the present policy be maintained, since the alternative would be to have individual cases tried in the United States press before the President could take a decision.

PCO

529.

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], May 27, 1954

TRADE RELATIONS WITH THE UNITED STATES; RECENT DEVELOPMENTS

27. *The Minister of Trade and Commerce* reported that recent developments in trade relations with the United States were not satisfactory. Recommendations to the President had been made by the U.S. Tariff Commission to restrict imports and raise duties on groundfish fillets and to raise duties on lead and zinc and on alsike clover. There was also a possibility that adverse recommendations on barley would be made. Some alternative arrangement might, however, be worked out with the U.S. Department of Agriculture on the latter product.

It was proposed to send a note to the U.S. State Department concerning groundfish fillets. Consideration should also be given to the sending of separate notes on zinc and lead and on trade relations generally. Separate draft notes on groundfish fillets and zinc and lead had been prepared. The first would say that Canada expected to be consulted in advance of any decision if it was intended to

implement the recommendations of the Tariff Commission. It would also refer to the unique relationship that existed between Canada and the U.S. in regard to the fishing industries, the importance of the tariff treatment of this product and the contribution which had been made in the fisheries field to the development of sound economic relations between the two countries. Reference would also be made to the position of the U.S. industry, including both producers and processors, and to recent statements made at the meetings of the Joint Committee on Trade and Economic Affairs in Washington. In concluding, the note expressed the hope that the President would not take action as recommended by the Commission. Alternatively, the note might conclude with a statement that the Canadian government would be obliged to give immediate consideration to measures which it might have to take in the circumstances if the Tariff Commission recommendations were adopted.

The note on lead and zinc included an expression of hope that the President would not act on the Commission's recommendations. It would say that an increase in the bound rates of duty would do serious damage to trade between Canada and the U.S. and would be a disappointing indication to the rest of the Western world that the economic policies of the U.S. government had reverted to protectionism and the discouragement of trade. The note would go on to refer specifically, to the unfortunate effects on the lead and zinc industry which would flow from an increase in duties. Finally, it would conclude with a reference to the improved price positions of the two metals and say that Canada reserved its rights under the terms of the G.A.T.T.

28. *In the course of discussion*, the following points emerged:

(a) The imposition of quantitative restrictions and increased duties on groundfish would have most serious consequences for the Canadian industry. If the recommendation were accepted it would mean that Canadian exports would be substantially reduced with serious results for the Maritime provinces, and particularly for Newfoundland, whose fisheries development programme depended, in large part, upon the increased export of fish fillets and blocks.

(b) The Tariff Commission did not fully understand the implications of its proposed action for the U.S. fishermen and processors. The industry there was becoming increasingly dependent on Canada for its raw material for the production of fish sticks, which were now becoming very popular.

(c) Many special privileges had been granted to the U.S. fishing industry, including unrestricted passage through B.C. coastal waters for the American fishing fleets moving between Washington and Alaska, and the use of Canadian ports for purchasing bait and supplies. A threat to withdraw these privileges, which were valuable to U.S. operators, might deter the U.S. government from taking action on groundfish fillets.

(d) It might be desirable not to conclude the groundfish fillets note in a threatening tone but, rather, at the time the note was delivered state orally the view that, if the Tariff Commission recommendations were adopted, public opinion in Canada and particularly in the fishing industry would not allow the continuance of the special privileges afforded to U.S. fishermen.

(e) In the note on fish, a reference should be made to the unrestricted passage granted to U.S. vessels proceeding from Washington to Alaska, and that it should be reiterated near the end of the note that Canada expected that an opportunity would be afforded for consultation if there was any likelihood that the recommendations of the Tariff Commission would be implemented.

(f) it seemed possible that the President of the United States would reject the recommendations with respect to the groundfish fillets but might well accept those for lead and zinc.

(g) The character of the note on fish should be considered in relation to the notes which might be sent on lead and zinc and on U.S. trade policy generally. Separate notes should be sent, however, if all the matters were dealt with in one paper, there was a danger that, rather than dealing with each item on its own merits, the President might affect a compromise in an endeavour to satisfy Canada and U.S. domestic interests.

(h) Insofar as the note on lead and zinc was concerned, Canada should not appear to speak on behalf of the western world. The word "war" should be eliminated, and generally speaking the first part of the note toned down.

29. *The Cabinet* noted the report of the Minister of Trade and Commerce and agreed,

(a) that a note be dispatched immediately to the U.S. State Department, a copy of which should also be delivered to the White House, about possible U.S. restrictions on imports of groundfish fillets; the note to be revised in the light of the discussion and to be supplemented on delivery by a verbal observation that, if the Tariff Commission's recommendations were adopted, public opinion in Canada and in the fishing industry particularly might not permit continuance of the special privileges in Canada which had been afforded to the U.S. fishing industry thus far;

(b) that the note respecting possible increases in tariffs on lead and zinc be revised in the light of the discussion;

(c) that a draft note on U.S. trade policy, generally, be prepared for consideration; and,

(d) that the possibility of making an arrangement with the U.S. Department of Agriculture with respect to exports of barley be studied.

. . .

530. DEA/6780-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-900 Ottawa, May 28, 1954

SECRET. IMMEDIATE.

REPRESENTATIONS TO THE STATE DEPARTMENT AND WHITE HOUSE ON LEAD AND ZINC

We are reproducing below the present draft of a note which Ministers are considering for possible submission to the U.S. Government. We shall let you know as soon as possible of any changes which Ministers may make in this text and of their views on the time at which the note might be presented. If Ministers decide to use the stronger alternative version of the ending of the groundfish fillets note, the ending of the note on lead and zinc would, of course, be altered in the same manner.

2. The following is the text of the present draft.

The Canadian Ambassador presents his compliments to the Secretary of State and has the honour to refer to the recommendations made recently by the United States Tariff Commission to increase the customs duties on lead and zinc.

2. The Canadian Government wishes to express its confident hope that these recommendations will be rejected by the President as a result of his own appraisal of the national interests of the United States. The present rates of duty were negotiated and bound in a trade agreement with Canada. To increase those rates would cause great damage to relations between Canada and the United States, to say nothing of the other countries which produce and export these metals. To implement these recommendations would tend to disappoint hopes that the United States Government will be prepared to pursue constructive commercial policies as the essential basis of international cooperation. Moreover the implementation of these proposals would in the judgement of the Canadian Government detract from the military and strategic strength of the United States itself.

3. Since the late 1930's the United States has had to depend increasingly on foreign sources of supply, to the extent of well over one-third of its requirements of lead and zinc. Even with a very high level of protection of domestic producers the dependence of the United States on outside sources will almost certainly increase both for ordinary peacetime requirements and in the event of any future emergency.

4. In recent years, with the encouragements of the Government, Canadian producers have expanded their output of lead and zinc and thereby have contributed to the combined strength of the United States and other allied countries. The tariff concessions negotiated with the United States have provided a basis for this expansion. At the present time these metals are regarded by the United States, Canada and many other countries as being of such strategic importance that they are subject to export

restrictions to countries of the Soviet Bloc. In these circumstances, the Canadian Government and Canadian producers would consider the imposition of increased tariffs on this product to be contrary to the interests of the United States as well as Canada.

5. If the United States Government were to accept the present recommendations and were later to require increased supplies of these metals on an emergency basis, Canadian producers would at best find it difficult to meet those needs, quite aside from the understandable hesitation to strain their resources once more in order to satisfy such temporary requirements. They might feel that they had been relegated to the position of marginal suppliers, welcome enough when they were needed, but to be curtailed at other times. If there was no assurance of stable access to the United States market on reasonable terms, the availability of Canadian lead and zinc to the United States would be curtailed by reason of some discouragement of mineral development and by the re-direction of Canadian export trade elsewhere. This would hardly provide a sufficient basis for a rapid expansion of production for the use of the United States in the event of an emergency.

6. The application of the lead and zinc industry of the United States for increased protection against imports arose out of circumstances in which prices of these commodities had been greatly reduced. The lead and zinc industries in Canada and other countries have been adversely affected also and numerous mines have been closed down. However, there has recently been appreciable improvement both in consumption and prices. It would be especially unfortunate if the United States Government were to take adverse action in this matter, with the damaging effects, which have been noted, just at a time when there is reason to hope that the worst conditions in the lead and zinc industry have been left behind.

7. Further, and quite apart from strategic considerations or market developments, the Canadian Government wishes to recall the basic conditions under which trade between Canada and the United States has risen to its present high level, far exceeding the trade between any other two countries, and the important place which commitments on lead and zinc occupy among these conditions. Canada and the United States have led the world in the pursuit of liberalized trade policies and have made mutually beneficial trade concessions to each other and to other countries. A sensitive and delicately-balanced structure of trade relationships has been built up. It is recognized that so-called escape clauses exist in these agreements, but it cannot be emphasized too strongly that, if these escape clauses are used by a leading commercial nation in circumstances other than those of extreme urgency and on the basis of arguments other than those of compelling cogency, the whole structure will be seriously undermined. The agreed tariff arrangements relating to lead and zinc are regarded in Canada as one of the cornerstones of commercial arrangements with the United States.

8. As indicated in its earlier representations concerning groundfish fillets the Canadian Government expects that it would be afforded a full opportunity for consultation in the present case, as provided in our trade agreement, if there is any likelihood that the recommendation of the tariff commission may be implemented. It is confident however that the President will not take the actions recommended by

the Commission after these have been reviewed in the light of the wider considerations involved.

531. DEA/6780-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-905 Ottawa, May 28, 1954

SECRET. IMMEDIATE.

Reference: Our telegram EX-900, May 28.

REPRESENTATIONS CONCERNING LEAD AND ZINC

Please prepare note on the lines indicated in our telegram No. EX-900, revising the last paragraph to read: "As indicated in its earlier representations concerning groundfish fillets, the Canadian Government would expect that it would be afforded a full opportunity for consultation in the present case, as provided in our Trade Agreement, if there was any likelihood that the recommendations of the Tariff Commission would be implemented. The Canadian Government is confident that the President will not take the actions recommended by the Tariff Commission after those recommendations have been reviewed in the light of the wider considerations involved."

2. Ministers are anxious that this note be presented this afternoon if at all possible. Accordingly, you should endeavour to arrange to present it at a sufficiently high level at (or after) 5 o'clock this afternoon unless you hear from us to the contrary in the meantime.

532. DEA/6780-40

Le chargé d'affaires de l'ambassade aux États-Unis au secrétaire d'État aux Affaires extérieures

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

TELEGRAM WA-954 Washington, May 28, 1954

SECRET. IMMEDIATE.

Reference: Your telegram EX-891 of May 27.

UNITED STATES TARIFF COMMISSION'S RECOMMENDATIONS ON GROUNDFISH FILLETS

We delivered the note this afternoon at 2:00 o'clock to Kalijarvi, Deputy Assistant Secretary of State for Economic Affairs. We would have preferred to underline its importance by delivering it to Waugh, the Assistant Secretary; but unfortunately he is out of town for a few days. Our representatives were LePan, Hopper and Allen. We will be forwarding the exact text of the note, as we presented it, in the earliest possible bag. It was identical with the text contained in your telegram under reference except for the minor changes introduced to the final paragraph by the Prime Minister and transmitted to us over the telephone by Ritchie.

2. Before handing Kalijarvi the note, we gave him an oral exposition of the reasons for the great importance attached to this matter by the Canadian Government, and also explained the grounds for the confidence felt in Ottawa that the President would reject the recommendations. For this we had the advantage of having listened to Mitchell Sharp go over the same ground yesterday in his talk with Gabriel Hauge. We began by stressing that, if the recommendations were put into effect, great damage would be done to the fishing industry in Newfoundland and the Maritime Provinces. Strenuous efforts were now being made in Canada to modernize fishing operations on the Atlantic Coast, and their success was largely dependent on continued access to the expanding United States market for groundfish fillets.

3. For a number of reasons, we went on, it had been assumed in Ottawa that the President would surely reject the recommendations. This assumption had been based on the following grounds:

(a) The President had maintained an unblemished record of rejecting recommendations made by the Tariff Commission for increased protection under the "escape clause" procedure of the Trade Agreements Act.

(b) The minority report, signed by Commissioners Edminster and Ryder, provided a more convincing explanation of the troubles being experienced by the New England fishing industry than any to be found in the majority report.

(c) There was a rapidly increasing market in the United States for fish sticks, and manufacturers in the United States of this new product relied on imports of frozen blocks from Canada for their raw material.

(d) Three of the areas whose economies would be adversely affected if the recommendations were put into effect were of great strategic importance to the United States — Newfoundland, Iceland, and Norway.

4. After this preliminary exposition, we handed the note to Kalijarvi, with copies for Corse and Southworth, who were with him. In reading it, Kalijarvi stopped at the phrase in para 12 concerning the "particularly close co-operation which exists between the United States and Canadian fishing industries". By enquiring what significance was to be attached to that phrase, he gave us an opportunity to dilate a little on the close co-operation there has been between Canada and the United States in working out arrangements for fisheries conservation, both in the Atlantic and the Pacific, and on the special privileges that have been accorded United States fishermen in Canadian ports and Canadian territorial waters. We added that, if the Tariff Commission's recommendations were implemented, one effect might be that

opinion within the Canadian fishing industry, and among the Canadian public generally, might make it impossible to continue to extend some of these special privileges.

5. After Kalijarvi had finished reading the note, he asked us if there were any further oral observations we wished to make. In reply, we drew his attention to the indication in the second para of the note that "the Canadian Government would, of course, expect to be consulted well in advance of any final decision, if it were intended to implement these recommendations." This referred, we explained, to the obligation to consult contained in Article XIX of the General Agreement on Tariffs and Trade, which also provided for compensatory withdrawal of concessions. The Canadian Government had carefully considered the possibility that concessions now being enjoyed by the United States in Canadian markets might have to be withdrawn if these recommendations were accepted, and had come to the conclusion that such action might well become unavoidable. Consideration was also being given, we added, to the introduction of legislation in the Canadian Parliament which would enable concessions to be withdrawn, if need be, even when Parliament was not in session.

6. Carl Corse, who had just returned from the GATT meetings in Ottawa, at one point in the discussion enquired what evidence there was for the belief that some elements in the domestic industry here would be opposed to the recommendations. In reply, we referred him to the material contained in the minority report and also drew his attention to a recent article in the *Wall Street Journal* describing the great increase in United States production of fish sticks — an increase based on frozen blocks imported from Canada. We also passed on to him what Hauge had told us yesterday about the representations he had received from fish processors in Detroit.

7. Few comments were made by the United States officials either on the text of the note or on our oral observations. Before we left, Kalijarvi, summing up, said that, in making his decision, the President would, of course, be under strong domestic pressures. However, it was appreciated that this was a matter of great importance to Canada and all the members of the administration, from the President down, were keenly conscious of the necessity of maintaining good relations between the two countries. He felt sure that that necessity would be fully taken into account in reaching a decision. In extenuation of the rather perfunctory nature of his comments, it should be remembered that he has been a much harried man today, who has had to sit patiently under a hail of notes concerning the Tariff Commission's recommendations on lead and zinc. Van Roijen, for example, the Netherlands Ambassador, was waiting in the ante-room to say his piece as we came out.

8. After returning from the State Department, we despatched a copy of the note by special messenger to Hauge at the White House, under cover of a brief personal letter from LePan.

533. DEA/6780-40

Le chargé d'affaires de l'ambassade aux États-Unis au secrétaire d'État aux Affaires extérieures

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

TELEGRAM WA-955 Washington, May 28, 1954

SECRET. IMMEDIATE.

Reference: Your teletype EX-900 of May 28 and our teletype WA-954 of May 28.

UNITED STATES TARIFF COMMISSION'S RECOMMENDATIONS ON LEAD AND ZINC

At 4:30 this afternoon we returned to the State Department to deliver our second note of the day to Kalijarvi, the Deputy Assistant Secretary for Economic Affairs — this time on lead and zinc. For this appearance we had changed our cast slightly and were represented by LePan, Allen and Chappell.

2. In order to avoid any impression that we were attaching less importance to the representations on lead and zinc than to the representations on groundfish fillets, we decided that the presentation of the note should be prefaced by some oral observations, so that we would be following the same practice in both cases. For this purpose, we arbitrarily selected for special emphasis three points in the excellent note you had transmitted to us.

3. We began by recalling some recent history which we urged was relevant in consideration of this issue. Late in 1951, the Canadian Government had been pressed by the United States authorities to do whatever it could to increase production of lead and zinc and to make it available to the United States at a time of critical shortage. These appeals had been heeded and, not only had Canadian production been increased, but it had been diverted to the United States from more profitable markets elsewhere. It was against that background that Canadian producers would read of any decision by the President to increase duties against lead and zinc. The United States was heavily dependent on foreign sources of supply, and we believed should avoid action that might make it more difficult to obtain increased quantities from Canada, and other countries, in an emergency.

4. We also read out to Kalijarvi the sentence in the note which states that, "to implement these recommendations would tend to disappoint hopes that the United States will be prepared to pursue constructive commercial policies as the essential basis of international co-operation". Opinion in Canada, we ventured to add, had been disappointed by the recent decision of the President not to press for a three-year extension of the Trade Agreements Act in an amended form, although there was a lively appreciation in Canada of the difficulties under which the President was labouring. It was realized that the task of adjusting the trade policies of the United States to its position as the world's greatest creditor could not be accomplished overnight. But, on the other hand, Canadians could not avoid watching

carefully the successes and failures of the administration in this field and calculating whether the plus signs were sufficient to cancel out the minuses. It was essential that movement, however slight, should be maintained in the right direction; and the decision to be made by the President on lead and zinc would become a part of the total calculation.

5. We also drew attention to the final para of the note with its indication that "the Canadian Government would expect that it would be afforded a full opportunity for consultation in the present case, as provided in our Trade Agreement, if there was any likelihood that the recommendation of the Tariff Commission would be implemented". As we had done a few hours earlier, we explained that this referred to the possibility that the Canadian Government might be obliged to decide on compensatory withdrawals of concessions. Going a little further than we had at the previous meeting with Kalijarvi, we mentioned as examples (which we stressed were to be taken as merely illustrative) that, if the President were to accept the recommendations of the Tariff Commission on lead and zinc, the Canadian Government might be obliged to raise the barriers against imports into Canada of United States textiles. Similarly, if the President were to accept the Tariff Commission's recommendations on groundfish fillets, it might become necessary to restrict imports into Canada of California and Florida oranges.

6. By this time Kalijarvi was limp and could merely murmur that the Tariff Commission's recommendations raised a serious and difficult problem which would have to be studied carefully. In the meantime, he was grateful to us for submitting our views. We have since learned that, during the day, he was subjected to representations on lead and zinc from Australia, Belgium, The Netherlands, South Africa, Mexico and Peru.

534.

DEA/6780-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-983

Washington, June 2, 1954

SECRET. MOST IMMEDIATE.

Reference: Our teletype No. WA-847 of the 14 of May.†

UNITED STATES FOREIGN ECONOMIC POLICY

In the light of the events of the past few weeks, it has become increasingly difficult to resist the conclusion that the President's foreign economic programme is coming apart at the seams.

2. Most seasoned observers here have for some months been doubtful whether the President would be able at this session of Congress to obtain a three-year extension of the Trade Agreements Act with new negotiating authority. However, they had

expected that, by putting up a fight for that part of his programme, he would have been able to secure at least a one-year extension of the present Act without amendment and also to get safely through Congress most of the other measures he was seeking to have passed at this session, notably the Customs Simplification Bill, a bill to reclassify the tariff, a revision of the "Buy-American" legislation, and a bill to increase from $500 to $1,000 duty-free exemption for returning United States tourists. What troubled and dismayed those in Washington who are interested in freer trade about the President's decision not to press for a three-year extension of the Trade Agreements Act at this session, was that he received nothing in return for this concession to protectionists in his own party, and that, in the process, he showed an evident disinclination to join battle with those who do not share his view that some liberalization of United States trade policy is necessary. This has led to an expectation that further surrenders are to be expected.

3. In his letter of the 20th of May to Charles H. Percy announcing this decision not to seek enactment of the Kean Bill[108] this year, the President described "extension of, and amendment of, the Trade Agreements Extension Act of 1951"[109] as the heart of his foreign economic programme. On purely economic grounds the accuracy of that statement can perhaps be questioned. Yet we believe that the President's description is sound, since the Trade Agreements Act for a variety of reasons has assumed a symbolic importance in excess of its real economic effects. In any case, it would seem to follow from the importance the President has attached to the Trade Agreements Act, that he will now feel obliged to secure from Congress at all costs a one-year extension of the present Act without amendment. That deduction has been confirmed by conversations we have had with Gabriel Hauge in the White House and with officials in the State Department. So the question arises what the price may be of a simple one-year extension.

4. Let us take a charitable view and say nothing about the President's ability and will to exercise leadership in this field. It is enough to point out that, in the negotiations a few weeks ago with Republican leaders in Congress which led to his decision not to press for a three-year extension of the Act at this session, the President clearly did not feel that he was negotiating from a situation of strength. It is difficult to be sure what contributed most to the weakness which the President apparently felt. One circumstance that he would certainly have had in mind is the surplus labour situation now prevailing throughout most of the United States. Another, of course, would have been the prospect of the November elections. Even more

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[108] Le 15 avril 1954, le représentant Robert W. Kean (Républicain—New Jersey) a présenté la US House Resolution 8860 portant la prorogation du pouvoir du président de conclure des accords commerciaux en vertu de l'article 350 de la Tariff Act de 1930.
On April 15, 1954, Representative Robert W. Kean (Republican—New Jersey) introduced U.S. House Resolution 8860, providing for extension of the President's authority to enter into trade agreements under Section 350 of the Tariff Act of 1930.

[109] La Trade Agreement Extension Act de 1951 autorisait le président à conclure des accords sur le commerce extérieur jusqu'au 12 juin 1953. Le 7 août 1953, ces pouvoirs ont été prorogés pour un an, par la Loi du Congrès (Act of Congress), jusqu'au 12 juin 1954.
The 1951 Trade Agreements Extension Act authorized the President to conclude foreign trade agreements until June 12, 1953. These powers were extended by Act of Congress on August 7, 1953 for one year ending June 12, 1954.

important, in all probability, would have been his awareness of the split in the Republican Party caused by the septic wedge thrust into it by Senator McCarthy's brutal obstinacy. Whatever the reasons may have been, it can be taken for granted that the President is not likely to feel in any stronger position when he is negotiating for a one-year extension of the Trade Agreements Act. And we believe he is determined to obtain that, come what may.

5. The fact would seem to be that Republican protectionists in Congress have now tasted blood with the President's decision not to seek enactment of the Kean Bill at this session, and we suspect that they will not grant even a one-year extension unless they are appeased with further concessions. These could take the form either of a promise not to use the negotiating authority contained in the present Act, or of acceptance by the President of some of the Tariff Commission's recommendations for increased protection, or of a decision to drop some of the President's legislative proposals from the calendar for action at this session. Already, as Hauge has told us, it has been decided not to ask for amendment of the "Buy-American" legislation. Officials in the State Department, and elsewhere, still profess to be confident that the Jenkins Bill for customs simplification, and probably a bill to consolidate and simplify the tariff schedules, will be passed by Congress this year.[110] But it is by no means impossible that these two measures will also be thrown to the wolves. If they are, it will be a very empty sleigh that will drive up at the end of the session. In addition, of course, to the question of what further tid-bits may be sacrificed, one cannot avoid wondering whether anyone is holding the reins.

6. So far, we have been considering chiefly the legislative prospects. But any calculation of what is likely to be brought safely home must also include some forecast concerning the action likely to be taken on the large number of recommendations that have now been submitted to the President by the United States Tariff Commission for restrictive quotas or for higher duties. There is no need to remind you of the recommendations on groundfish fillets, on lead and zinc, and on alsike clover. Within the last few days there has also been a report submitted on watches and watch movements. We do not know what it contains, but the fact that it has been sent to the President means that it recommends increased protection. As we have indicated in previous messages, we consider it virtually certain that the President will feel obliged to implement some of these recommendations. When Senator Millikin, as Chairman of the Senate Finance Committee, cracked the whip on the morning of the 24 of May by warning the President that, unless he accepted some of the recommendations of the Tariff Commission under the "escape

[110] Un projet de loi piloté par le représentant Thomas A. Jenkins (Républicain—Ohio) pour simplifier les procédures douanières américaines.
A bill sponsored by Representative Thomas A. Jenkins (Republican—Ohio) to simplify American customs procedures.

clause" procedure,[111] he was unlikely to obtain from Congress even a one-year extension of the Trade Agreements Act, the White House and the State Department visibly jumped. Only a few hours later interested governments were told that they must submit within a week any observations they wished to make on the recommendations on lead and zinc. Although it is conceivable that the President will prove our fears groundless by rejecting all the recommendations now before him for increased protection, we think that highly unlikely. We still are of the opinion that the administration has taken Senator Millikin's warning very much to heart and is disposed to accept at least one or two of the Tariff Commission's recommendations with a view to obtaining a one-year extension to the present Trade Agreements Act without amendment.

7. In previous forecasts of probable developments in the field of foreign economic policy, we have taken the mildly optimistic view that, when all the returns were in, it would be possible to say that, on balance, some slight progress had been registered this year. It now looks, however, as though such modest legislative advances as may be made will probably be outweighed by protectionist moves in other sectors.

8. For Canada, such a result would be all the more serious coming at a time when the placing of United States defence contracts in Canada is drying up; when a new United States stockpiling policy is laying increased stress on domestic procurement; and when ever-mounting United States agricultural surpluses are threatening to curtail our sales in overseas markets. Many other countries in the free world will be equally concerned, in spite of the fact that it now appears that the course of the recession here has been checked, in part at least through governmental, or quasi-governmental, action.

9. If the misgivings we have expressed in this telegram are shared in Ottawa, we think we would do well to make them known to the administration, and at a high level. There are a number of possible ways in which this could be done. We could submit another note to the State Department. A letter could be written by the Prime Minister to the President. Or I might be instructed to make representations to the Secretary of State and perhaps also to leave an aide-mémoire at the end of my conversation. In my view, it is the third of these possible methods that should be adopted. The usefulness of diplomatic notes as a means of influencing United States policy can easily be overestimated, it seems to me, although, of course, they are often indispensable as a way of putting our views on record. A letter from the Prime Minister to the President would carry more weight and be more heeded. But

[111] Aux termes de l'article 7 de la Trade Agreements Extension Act de 1951, si la U.S. Tariff Commission constatait qu'un produit pour lequel une concession tarifaire avait été accordée était importé en quantités causant ou menaçant de causer un grave préjudice à l'industrie nationale, elle devait recommander l'annulation ou la modification de la concession ou la mise en place de contingents d'importation.
Section 7 of the 1951 Trade Agreements Extension Act provided that, if the U.S. Tariff Commission found that an article upon which a tariff concession had been granted was being imported in such increased quantities as to cause or threaten serious injury to a domestic industry, the Commission must recommend the withdrawal or modification of the concession, or the establishment of import quotas.

I am inclined to think that in this rather nebulous but worrying situation the main burden of our concern about the drift of events in the field of foreign economic policy might best be expressed by oral representations rather than in writing.

10. It is our impression here that the Secretary of State is considerably more alive to the importance of economic matters than he was even a few months ago. If I were to be instructed to discuss this matter with him, it might be possible to make him realize the very unfortunate consequences that would ensue from any further backsliding by the United States. In such an interview I would propose, if you agree, to point out how difficult it would be for the Canadian Government to resist pressure to withdraw tariff concessions now enjoyed by the United States if the President were to accept the recommendations of the Tariff Commission either on groundfish fillets or on lead and zinc. This possibility would be used, however, chiefly as an example of the almost inevitable consequences of any drift by the United States into a policy of higher protection. Perhaps Dulles' main preoccupation at the moment is with keeping the Western alliance together. The imposition of new trade barriers throughout the free world, together with the mutual recriminations with which that would certainly be accompanied, could be expected to make his task even more difficult. It could also, of course, be expected to lead to pressure for more untrammelled trade with the Soviet Union and its satellites, and with Communist China. Besides drawing these dangers to the Secretary of State's attention, I might also remind him once more that Japan's trade problems would probably prove insoluble in such circumstances. These are, of course, to be regarded merely as very tentative suggestions for what I might say in such an interview.

11. I should be grateful to learn in due course whether you agree with the analysis contained in this telegram, and whether you would wish me to call on the Secretary of State to express our concern about the way the tide seems to be setting in United States foreign economic policy.

535.

DEA/6780-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-949

Ottawa, June 3, 1954

CONFIDENTIAL. IMPORTANT.

U.S. TARIFF COMMISSION REPORT ON ALSIKE CLOVER SEED

I am transmitting in this message the text of a note for the State Department which I should be grateful if you would present at the earliest opportunity. In doing so you might remark that in addition to what is said in the note about this particular case we would also regard acceptance of the Commission's recommendations as unfortunate for some of the general reasons which are stated in our recent notes on groundfish fillets and lead and zinc. Moreover, the Tariff Commission's recom-

mendations in this case are all the more disturbing coming as they do on top of the other recent recommendations.

Text of Note begins:

The Canadian Ambassador presents his compliments to the Secretary of State and has the honour to refer to the recommendations made recently by the United States Tariff Commission pursuant to Section 7 of the Trade Agreements Extension Act of 1951, as amended, to increase the customs duties on alsike clover seed.

The Canadian Government wishes to make clear the importance it attaches to the marketing of this crop in the United States. This trade has been built up over a considerable number of years. Any increase in the United States tariff on this commodity, which would reduce returns to Canadian clover seed growers, would be regarded as a serious matter adversely affecting the livelihood of Canadian producers.

The tariff rate affected is bound to Canada in the existing trade agreement. The Canadian Government is not aware that circumstances exist which would justify the United States Government resorting to the escape provisions of our trade agreement.

The Canadian Government takes note of the expressed willingness of the United States Government to consult other interested governments in this matter. Because of its substantial interest in this trade and because of the contractual obligations assumed by the United States in connection with the tariff on this product, the Canadian Government would wish to be consulted by the United States Government in advance of any possible action by the President to accept the recommendations of the Tariff Commission. Text of note ends.

DEA/132-40

536.

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

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

SECRET [Ottawa], June 2, 1954

LEGISLATION TO PERMIT OF COMPENSATORY ACTION BY CANADA WHEN OTHER COUNTRIES ALTER CONCESSIONS UNDER TRADE AGREEMENTS

I am attaching the latest draft of a brief memorandum† relating to a possible amendment to the Customs Tariff to permit of emergency action by Canada in circumstances such as those which might be created by some of the "escape clause" recommendations which President Eisenhower now has under consideration. I understand that this draft amendment has not yet been approved by the Minister of Finance, but I think it desirable that you be familiar with its contents at this stage in case it comes up for discussion in the near future. Mr. Plumptre advises that Mr. Abbott has now given his approval. This draft was examined at a meeting of the Inter-Departmental Committee on External Trade Policy yesterday, and, although

some members of that Committee were worried about the uses to which such a provision might be put and about the impression which it might create abroad, all members of the Committee appeared to be convinced that, on balance, it would be desirable to introduce legislation along these lines at an appropriate time.

2. It was recognized that the Government might be somewhat reluctant to bring in new legislation on this subject, but it was generally felt that the existing legislation (i.e. Section 4(l)(f) of the Customs Tariff) was unsatisfactory and too rigid, since it would merely permit the Governor-in-Council to substitute the higher General Tariff rates for most-favoured-nation tariff rates. There might well be cases where the right course would be to increase duties by less than the full General Tariff. There might also be cases where it would be desirable to go further than the General Tariff rate. The present law would not allow either of these possibilities. The law would be particularly ineffective in those numerous instances where goods are duty free under the General as well as the most-favoured-nation tariff, and, therefore, the use of this provision would not result in any change. The present law would also not permit of the imposition of quantitative import restrictions which might be the cleanest and most appropriate device in certain situations.

3. In the drafting of the proposed amendment, officials in the Department of Finance have attempted to incorporate as many limitations and safeguards as could be reconciled with an effective measure for countering the kinds of injurious actions which other countries might take. The conditions in which the provision might be used are described in terms similar to those employed in the "nullification or impairment" article (Article XXIII) of the GATT. The amendment also envisages that any orders or regulations which might be made under the amendment could be continued beyond a certain time only if Parliament took positive action in the particular case. The opening paragraph of the amendment would also make it possible for the Government to refrain from acting in any instance on the grounds that it did not consider resort to this provision to be "in the public interest".

4. As originally drafted by Finance officials, the amendment provided for duties or restrictions on exports as well as on imports. In the discussion in the Inter-Departmental Committee, it was generally the view that the use of such a power might have damaging repercussions for Canada (e.g. if employed in the case of nickel, it might encourage the use of substitute materials; if used in the case of aluminum, it might result in the U.S. proceeding with the expansion of its domestic industry; and if resorted to in the case of newsprint, it might produce a great variety of unfavourable reactions). The inclusion of such a power, even if it were not to be used, might make our legislative action look rather aggressive and might detract from the impression which we will doubtless wish to create that we are merely preparing ourselves to act in self-defence. Following on the discussion in the Inter-Departmental Committee, Finance has now dropped these tentative proposals regarding Canadian exports.

5. No one, I believe, is particularly happy at the prospect of having to amend the Customs Act in the directions suggested on the attached sheet. It is realized that, if this amendment is made, there will be very great pressure to use the powers contained in it for protective purposes and not merely for the purpose of redressing the

balance of a trade agreement which had been impaired by another country. It is also recognized that some groups in Canada (e.g. certain elements in the textile industry) might endeavour to have the provision used against the trade of the U.K. and some of the European countries whose import restrictions are doubtless affecting the value of tariff concessions received from them. It is appreciated as well that the introduction of this legislation, or even any announcement that the Government intended to introduce it, might help to discourage other countries which have been considering embarking on more liberal trade policies and might give aid and comfort to groups in those countries which are opposed to any thought of convertibility and freer trade (e.g. the Imperial Wing of the Conservative Party and influential members of the Labour Party who have been resisting Mr. Butler's efforts.) It might be represented that even Canada had given up hope of U.S. commercial policies and was certainly not expecting the United States to adopt "good creditor policies." Some might go on to suggest that Canada was going in for a little protection on her own (a suggestion to which some weight might also seem to be given by the recent reference of the woollen textile item to the Tariff Board) and that, therefore, other countries less fortunately placed should feel free to intensify their protective arrangements. It might even be surmised by some elements abroad that Canada will shortly have moved to a position where it will be less reluctant to consider closer cooperation with one or another regional or preferential group.

6. These are all no doubt very real worries. At least to a certain extent, it would appear that some of them might be overcome by the timing and manner of any Parliamentary action here and, in particular, if it is emphasized that the Government intends to use these powers only in the most exceptional circumstances.

7. Although the expression "or otherwise" (the inclusion of which seems unavoidable) in the first paragraph of the amendment might open the way for the possible use of these powers against exports of countries other than the United States, it would seem doubtful), in fact, that the clause could be invoked against import restrictions maintained by other countries consistently with the GATT on balance of payments grounds. If those countries are retaining such restrictions for purely protective reasons, it may well be desirable for them to think that we might act against their exports. The knowledge that we had such power in reserve might be helpful in inducing those countries to hasten the removal of restrictions no longer required on balance of payments grounds. While it is not possible to be confident as to the interpretation which the U.K. and others might place on the taking of such powers by the Canadian Government, it is quite conceivable that even those who are interested in promoting liberal commercial policies would welcome, and would be strengthened by, this evidence that we were doing our part to persuade the U.S. of the disadvantages in the course on which they appear to be embarking. Since it had always been basic to our attitude on convertibility and non-discrimination that these were things which other countries should do in their own interests and without too much regard for the policies of the U.S. or others, and since it is assumed that it is because of their own self-interests that certain countries are now contemplating more liberal policies, we might reasonably expect and encourage them to continue towards this objective, even though it appeared that we were admitting a

certain lack of confidence in the prospects for the foreign economic policies of the United States.

8. In our relations with the United States, it would appear that, on balance, the introduction of this legislation (if it is done in the right way and at the right time) would be likely to have a wholesome effect. Even if it does not deter them from "escape clause" actions which hurt us, it may at least help us to get some compensation from them in return for any concessions which they may nullify or impair. As a last resort, it would enable us to demonstrate to them that we attach value to the benefits which we had given to them in return for the concessions affected by their actions and that we were not prepared to let them continue to enjoy those benefits for nothing. Quite apart from the immediate situation, there would seem to be advantage in having the powers envisaged in the proposed amendment in connection with any future tariff negotiations in order that we might be able to negotiate from a position of equality with the United States.

9. Although it is not known when the President will reach his decisions on the escape clause cases now before him, and although no one can be sure exactly what his decisions will be, the best guesses (and I would emphasize that these are entirely guesses) at the moment are that he will decide these cases within the next week or so, that he will probably wish to announce his decisions on all three of the present batch together, and that he is likely to reject the recommendation on groundfish, accept the substance of the recommendation on lead and zinc, and probably accept the recommendation on clover. The question of timing, therefore, assumes considerable importance.

10. If, before actually reaching his decisions, or at least before announcing them publicly, the President is moved by our notes on groundfish and base metals to inform us of his intentions, and if those intentions are adverse to Canada in any major respect, it might be considered by Ministers that the proposed legislation should be introduced immediately. That would seem to be a reasonable and almost unavoidable course in those circumstances.

11. If the President's decisions in these cases are announced before we are advised, and if they generally go against us, it might be considered that the legislation should then be introduced at once, even though it obviously could not influence the decisions already taken, and even though it might appear to be a prelude to retaliation. In those circumstances, the introduction of the legislation would strengthen our hand in the consultations which the United States would be expected to have with us under the GATT concerning compensatory actions to be taken by them or by us. In that case, I assume that we would not plan actually to implement the legislation until such consultations had taken place with the United States and we had learned what, if anything, they were prepared to offer in compensation.

12. If the President's decision is deferred somewhat, and even though we have no definite information on his intentions, there may be some temptation to introduce this amendment in the meantime just to be on the safe side. I doubt that there would be any advantage in this course. It would appear to run counter to the confidence which we have expressed in our notes that the President will reject the recommendations on fish and metals. It might look threatening before there was evidence that

a threat or warning was appropriate, and it might unnecessarily provoke the United States to act against our exports, as the President would probably be anxious to demonstrate to Congress that he was not susceptible to threats from us or from anybody else.

13. There is always, of course, the remote possibility that all of the President's decisions will be favourable. Even then, there might be something to be said for having legislation of the kind represented by the proposed amendment on our Statute books to guard against possible developments in the future and for the purpose of subsequent tariff negotiations with the United States. In that event, the nature and timing of any legislation could be considered more leisurely and might even be discussed with the United States and other interested countries informally in order to avoid any possible misunderstandings.

14. Very briefly, my present views are that:

(a) something along the lines of the attached draft is likely to be found desirable;

(b) any such amendment should not be introduced at this time in advance of some fairly definite indication that the President is likely to set against us;

(c) if we receive advance notice of the President's intention to decide against us on either groundfish fillets or lead and zinc, and there would therefore be no possibility of our action provoking him to do something against us which he would not otherwise have done, legislation of this kind probably should be introduced before the President's decisions are announced in case it might have some slight influence on him;

(d) if, without advance warning, the President announces that he has accepted the Tariff Board's recommendations in either of these cases, the legislation might then be introduced at once.

R.A. MACKAY

PCO

537.

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], June 3, 1954

UNITED STATES FOREIGN ECONOMIC POLICY

10. *The Secretary of State for External Affairs*, referring to discussion at the meeting of May 27th, 1954, said a telegram had been received from the Canadian Ambassador to the United States suggesting that it might now be desirable to make known to the highest levels of the Administration in Washington Canada's concern about recent general developments in U.S. trade policy. This could be done either by the submission of another note to the State Department, by a letter written from the Prime Minister to the President, or by the Ambassador making representations himself to the Secretary of State and perhaps leaving an aide-mémoire at the end of

the conversation. Mr. Heeney felt the third of these alternatives was preferable, followed possibly by a call on the President's chief advisors in the White House.

11. *The Cabinet* noted the report of the Secretary of State for External Affairs on recent developments in trade relations with the United States, and agreed that the Canadian Ambassador in Washington, in the near future, make representations to the Secretary of State on U.S. foreign economic policy; the officials concerned in Ottawa to prepare, immediately, for consideration of Ministers, a draft aide mémoire and instructions for the Ambassador.

...

538. DEA/11049-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1005 Washington, June 5, 1954

SECRET

Reference: Our teletype WA-983 of June 2.

UNITED STATES FOREIGN ECONOMIC POLICY

Following for the Acting Under-Secretary from the Ambassador, Begins: Although we think that the sooner representations can be made to the Secretary of State the better, we do not wish to suggest that the urgency is overwhelming. It would be soon enough, we believe for representations to be made some time in the first half of next week. The purpose of the representations would be to avoid one or a number of a whole cluster of possibilities including the following:

(a) That the President might accept the United States Tariff Commission's recommendations on groundfish fillets;

(b) That he might accept the recommendations on lead and zinc;

(c) That he might agree not to make use of the negotiating authority still remaining in the Trade Agreements Act;

(d) That he might decide not to press for enactment at this session of the Jenkins Bill for customs simplification.

No one can tell when any of these decisions may be taken, although we must assume that all these issues will come up within the next fortnight. It is, therefore, impossible to say that representations on Monday would be in time and that representations on Tuesday would be too late. I would merely hope that they could be made the middle of next week. It has occurred to us that we have perhaps unwittingly helped to create an unwarranted sense of urgency by marking our previous message as 'Most Immediate'. Our only reason for this was that the Minister had asked to have it in time for the Cabinet meeting last Thursday morning.

2. Although I fully sympathize with the Prime Minister's desire to consult further with his colleagues before instructions are forwarded to me, I can see no necessity for a firm decision to be taken as to whether or not the Government would withdraw compensatory concessions previously granted to the United States in the event that the recommendations either on groundfish fillets or on lead and zinc were accepted by the President. Indeed, I think that such a final decision would be undesirable at this stage since we do not want to be prematurely shackled to an extreme policy. You may then ask how it would be possible to frame a sentence or two about the possibility of Canadian retaliation without a firm Cabinet decision. It seems to me that that would not be too difficult. If the document now being prepared in Ottawa is to be regarded as a draft aide-mémoire, I think it might perhaps omit any reference to possible compensatory withdrawals. In the course of my oral remarks to the Secretary of State I should certainly refer to that possibility, I think, although in a very matter-of-fact tone and without any suggestion of conveying a threat. After we had finished our talk, I would say to the Secretary of State that, for his convenience, I had put in an aide-mémoire many of the points I had made orally. I could also draw his attention to the fact that the aide-mémoire made no reference to the possibility that the Canadian Government might be obliged to make compensatory withdrawals of tariff concessions and go on to explain that this omission should not be taken to mean that the possibility I had mentioned in my oral remarks was not to be regarded seriously.

3. To sum up, I think there would be no harm in delaying our representations for a few days until the Prime Minister could have a further opportunity of discussing with his colleagues the important issues involved; but, on the other hand I think it would be unnecessary and undesirable to wait until there is a Cabinet decision to retaliate if the President accepts the recommendations either on groundfish fillets or on lead and zinc. In other words, the representations we have in mind here would be a penultimate, and not of a final, kind.

4. This message will confirm what I said in our telephone conversation yesterday evening. We have now received your telegrams Nos. EX-962† and EX-968† of June 4 and will be commenting on Monday on the draft aide-mémoire.

DEA/6780-40

539.

Note du chef de la Direction économique pour le sous-secrétaire d'État par intérim aux Affaires extérieures

Memorandum from Head, Economic Division, to Acting Under-Secretary of State for External Affairs

SECRET [Ottawa], June 8, 1954

POSSIBLE REPRESENTATIONS TO MR. DULLES CONCERNING U.S. COMMERCIAL POLICIES

I am attaching four copies of the revised version of the proposed aide mémoire which takes account of most of the suggestions made by Mr. Heeney. Copies of

this revised draft have been sent to the officials concerned in Finance, Trade and Commerce, the Bank of Canada and the Privy Council Office.

2. From such conversations as I have had today, I would gather that the general views *of officials* (which I share) are about as follows:

(a) it would probably not be desirable to refer to possible *compensatory* action by Canada in any oral or written representations unless Ministers have considered the implications carefully and have come to the conclusion that action will be taken if the President accepts the main Tariff Commission recommendations;

(b) if such compensatory action is envisaged, the reference to it should be made in any written submission to the U.S. and not merely in any oral remarks;

(c) any such reference should be at least as definite as that contained in the version of paragraph 6 drafted by the Prime Minister in consultation with Mr. Abbott;[112]

(d) if something along the lines of that earlier draft of the paragraph is not to be included, there would seem to be little point in submitting a written memorandum or aide mémoire;

(e) if agreement cannot be reached on a reasonably effective aide mémoire, it would seem to be an open question as to whether a useful purpose would be served by oral representations (which almost inevitably would reflect the inability to reach definite agreement here on what precisely should be said to the U.S.)

3. You will doubtless wish to bring this revised draft to the Minister's attention on his return tomorrow in order that he might have any necessary discussions with the Prime Minister and Mr. Howe (and possibly Mr. Abbott).

4. All of these preparations may have been rather overtaken by developments today in the views of some Ministers. I understand from Plumptre that Mr. Abbott has had some talks with the Prime Minister (and I believe with Mr. Howe) and that they are now:

(a) pretty well determined not to introduce the kind of legislation which would be required to make it possible for Canada to take compensatory action of the sort contemplated in recent discussions;

(b) not inclined to have any further written submission made to the State Department on the commercial policy situation at this time; and

(c) doubtful that oral representations would be desirable in these circumstances.

5. Mr. Abbott appears to attach considerable significance to the Congressional elections in November and does not think it would be wise to add to (or appear to add to) the worries and difficulties of the Administration in the meantime. He is prepared to have officials go into the question of the kind of action which might be possible, and even to go further into the question of the type of legislation which might eventually be required, but he is not willing to contemplate anything more drastic for the time being.

A.E. RITCHIE

[112] Renvoie à l'autre version du paragraphe 6./Refers to the alternative version of paragraph 6.

[PIÈCE JOINTE/ENCLOSURE]

Projet d'aide-mémoire

Draft Aide-Mémoire

SECRET Revision of June 8

The Canadian Ambassador has been instructed to inform the Secretary of State that the Canadian Government is seriously concerned at the danger that the commercial policy of the United States is turning in the direction of restricting rather than liberalizing world trade. The Ambassador wishes to draw the Secretary of State's attention to the consequences which, in the opinion of the Canadian Government, will follow if these apprehensions turn out to be well founded.

2. Acknowledgement has often been made by spokesmen both of the United States and Canadian Governments of the importance which has to be attached for both broad political and strategic, as well as for economic, reasons to a reduction of the barriers to international trade and exchange. The crucial role of the United States in determining whether the world is to move forward or backward on these matters has also been widely recognized. Canadian views were conveyed to the President by the Prime Minister during his visit to Washington in May, 1953, and were recorded in the memorandum left behind on that occasion. More recently, they were expressed by Canadian Ministers at the meeting of the Joint United States-Canada Committee on Trade and Economic Affairs held in Washington last March and were reflected in the statement in the joint communiqué that "few things would contribute more to the well-being and stability of the free nations of the world than a forward move towards freer trade and payments."

3. The reasons for the concern now felt by the Canadian Government will be familiar to the Secretary of State. The concern arises, in part, from deferment of a central element in the foreign economic policy of the Administration as that policy was outlined in the President's message to Congress on March 30, 1954. In part it arises from specific actions which the Administration has taken, or is understood to be considering taking, to place additional obstacles in the way of imports into the United States.

4. The recommendations of the Randall Commission represented, in the view of the Canadian Government, a modest but forward-looking programme. The vigour with which these proposals were commended to the Congress by the President in his message of March 30 encouraged the hope that the foreign economic policy of the United States would gradually develop along lines appropriate to the position of the United States in the free world. The later decision of the President not to press at this time for passage of the measure incorporating what he has characterized as "the heart of the programme", i.e., the revised Trade Agreements Act, therefore caused great disappointment in Canada. Inevitably, that decision has given rise in Canada to doubts about the prospects for timely action on other important elements in the Administration's programme.

5. Unfortunately, in addition to this absence of progress in the legislative programme, during the past few months the United States has placed restrictions on

imports of rye and has obtained reluctant Canadian acquiescence in restrictions on movements of oats. At the present time Canada and other countries are faced with the possibility of additional barriers on U.S. imports of a number of other important commodities.

6. If the United States Government were to reach a decision adverse to Canadian interests on any of the important escape clause cases now being considered, the effect on public opinion in Canada would be most serious. Could Canadians be expected to acquiesce without action of some kind in the persistence of a situation where concessions granted by the United States as part of a bargain with Canada were being withdrawn? In order to safeguard the interests of third countries in the Canadian market, action taken by Canada would take the form of measures which would affect imports from the United States only, i.e., discriminatory measures. It must be obvious that the public discussion which would be provoked by the consideration of any such measures would be of a character which would place a most undesirable strain on relations between the two countries.

Alternative version of para 6: (If the United States Government were to reach a decision adverse to Canadian interests on any of the important escape clause cases now being considered, and were to withdraw concessions which had been secured by Canada as part of a negotiated bargain, the effect on public opinion in Canada would be most serious and would necessitate a re-examination of the trade policies that Canada has been following. From such a re-appraisal, the possibility that action would be taken affecting U.S. imports into Canada, and affecting them in a discriminatory manner, could not be excluded. It must be obvious that the public discussion that would accompany consideration of any such measures would be of a character that would place a most undesirable strain on relations between the two countries.)

7. It might be appropriate to add a word regarding the consequences outside Canada of developments along these lines, especially since the reactions of such other countries may depend in part on the interpretation given by them to any response by Canada to action by the United States. Canada, along with the United States, has been in the forefront of the movement for liberalizing the conditions of international trade and exchange. In the effort to persuade other countries that it was in their interests to give up trade restrictions and to move towards currency convertibility, Canadian representatives have frequently had to meet the argument that the underlying protectionist sentiment in the United States is so deeply entrenched that it is quite unrealistic to suppose that she will follow "good creditor policies" or that international balance can be achieved on a continuing basis without drastic import and exchange restrictions against the United States. Canadian representatives have continually taken a more optimistic position and, in recent years, their views have come to be widely shared in the sterling area and on the continent of Europe. If developments in the United States are such as to produce serious Canadian reactions, the changes in Canadian policies which this would bring about may well have a significant effect on the attitudes of other friendly countries. The forces in those countries which have consistently opposed cooperation with the United States and the elimination of dollar restrictions will be strengthened. Those who have advocated moves on a broad front towards a system of freer trade and payments

throughout the free world will be weakened; indeed, projects of this character will be placed in jeopardy. So, too, will the hope that many countries will be able to accept trading arrangements affecting Japan which will enable that country to pay her own way through international trade and to play an effective role in Pacific security.

8. The Canadian Government fully appreciates the efforts which have been made by the United States Administration to avoid action under the escape clause procedure. Nevertheless, the series of developments in the United States over the past few months to which reference has been made is causing great apprehension in Canada and other countries lest the commercial policy of the United States may be moving in the direction of restricting rather than liberalizing trade. If this apprehension hardens into a conviction, it will halt progress in relaxing trade barriers in the Free World and will even result in the imposition of new trade barriers. Apart from the weakening economic effects of such developments, the mutual recriminations which would result will greatly increase the difficulties involved in keeping the Western Alliance together. In the opinion of the Canadian Government, the broad defence and political implications of present tendencies are deserving of most serious consideration.

DEA/6780-40

540.

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1047

Washington, June 11, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Your EX-995 of June 8.†

UNITED STATES FOREIGN ECONOMIC POLICY

Following for the Minister, Begins: On Wednesday evening, June 9, you telephoned me to say that, after discussion with the Prime Minister and Mr. Howe, it had been decided that no, repeat no, representations of the sort we had in mind should be made to the Secretary of State at this time. You told me that Mr. Howe had advised this course on the ground that the information available to him indicated that the President was likely to reject the recommendation of the United States Tariff Commission with respect to ground fillets[113] and that the position regarding lead and zinc was not as gloomy as it had hitherto appeared.

[113] Le 2 juillet 1954, Eisenhower a rejeté la recommandation de la Commission des tarifs concernant les filets de poissons de fond. Voir/On July 2, 1954, Eisenhower rejected the Tariff Commission's recommendation regarding imported groundfish fillets. See United States, Department of State, *Bulletin*, Volume XXXI, No. 788, August 23, 1954, pp. 166-167.

2. You already have such information and reports as we have been able to assemble on both these subjects. The best opinion here is that on fish we are likely to get the result we want; regarding lead and zinc, the position seems still very doubtful. For the moment, we have nothing to add on the probabilities concerning these specific items. You are aware of the position of the President's economic programme generally in the Congress.

3. We understand that you are now considering whether, in the circumstances, any opportunity should be sought to bring our views further to the attention of United States authorities and put our general position on record with them. We shall look forward to receiving your instructions on this point, and meantime will take no, repeat no, action. Ends.

541. DEA/6780-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1132 Washington, June 24, 1954

SECRET. MOST IMMEDIATE.

ALSIKE CLOVER SEED

Please repeat to Dr. C.M. Isbister, Dept. of Trade and Commerce, Begins: We were asked this morning by John Evans to come as soon as possible to the State Department as he had something to convey to us about alsike clover seed.

2. Evans informed us that, as a result of a meeting held yesterday in Hauge's office, it is virtually certain that the Tariff Commission recommendations will be accepted by the White House. He said it would be difficult for the President not to take action in view of the unanimous decision of the Tariff Commission.

3. The United States alsike clover growers are pressing for an immediate decision so that they may know what to do about production and harvesting of their crops, and the White House would like to announce a decision within the next few days.

4. Evans said he was asked to enquire if, as an alternative to the proclamation of the Tariff Commission recommendations, Canada would wish to voluntarily restrict alsike clover seed exports to the United States and, if so, how would this be done.

5. He said that in the event that voluntary restrictions were looked on with favour by Canadian authorities, he would like to know what volume of exports we would desire. He said he had no instructions to suggest any particular quantities, nor was he pressing us to take action of this kind as an alternative to United States action.

6. We agreed to try and obtain a decision for him by tomorrow, but by Monday at the latest. Ends.

DEA/6780-40

542.

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

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-1121 Ottawa, June 25, 1954

SECRET. IMMEDIATE.

Reference: Your tel. WA-1132 of June 24, 1954.

ALSIKE CLOVER SEED

1. You should reply to John Evans along the following lines.

2. The Canadian Government feels that it is not desirable to impose restrictions on export of alsike clover seed to the United States.

3. As indicated in our note of June 4, 1954, it is hoped that the President will not implement the Tariff Commission's recommendations. The trade in alsike clover seed has been built up over a considerable number of years and is regarded as important in Canada. Any increase in the United States duty would impair this trade and would be seriously regarded by the Government of Canada.

4. If the Government of the United States has decided, however, that it has no alternative but to introduce measures to protect domestic producers, we believe that such measures should not unduly disturb normal trade in alsike clover seed. To do so would not be consistent with the intent of the United States escape clause legislation. You should therefore suggest that the first 1,500,000 lbs. imported in any year should continue to enter at 2 cents per lb. Imports over and above this amount might be made subject to higher rates of duty. Such a measure would, we believe, permit a minimum amount of trade to continue under present conditions.

5. You may wish to leave an aide mémoire along these lines with John Evans since it might be desirable to have a written record of this approach.

DEA/6780-40

543.

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1292 Washington, July 22, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Paras 9 and 10 of our teletype WA-1261 of July 16.†

UNITED STATES TARIFF COMMISSION'S RECOMMENDATIONS ON LEAD AND ZINC

Yesterday afternoon we were called to a meeting in the office of Sam Waugh, Assistant Secretary of State for Economic Affairs, for a further discussion of the Tariff Commission's recommendations on lead and zinc. The present situation seems to be as follows:

(a) There is unanimity within the administration that some government action must be taken to come to the rescue of domestic producers.

(b) The proposal that the present rates of duty should be continued on concentrates but that the rates of duty on refined lead and zinc should be increased, has been rejected.

(c) There is a deadlock within the administration on whether the problem should be met by instituting some kind of subsidy scheme or by accepting, without modification, the Tariff Commission's recommendations for increased protection.

(d) The Treasury is strongly resisting the granting of subsidies; and the State Department is strongly resisting the raising of duties. While the argument has involved complicated and conflicting calculations concerning the likely effects on prices, production, and consumption, of the two rival solutions that are being advocated, we believe that it can be reduced, without substantial inaccuracy, to very simple terms. Mr. Humphrey is opposed to a subsidy primarily because it would necessitate large expenditures by the Treasury; while the State Department is opposed to increased duties primarily because they would cause trouble with foreign countries.

2. Waugh had not arrived when we appeared for the meeting. But Kalijarvi, his deputy, together with Nichols and Raynor, explained that Waugh intended to phone Mr. Howe and wanted to know, as precisely as possible, what had been said during the conversation on July 12 between Mr. Howe and Mr. Humphrey. Since Mr. Howe had been good enough to send me a personal and confidential letter† outlining the conversation, we felt little hesitation in trying to meet this request. Before doing so, however, we took the precaution of stressing that anything we might say would, of course, be subject to correction by Mr. Howe himself. We also reminded the State Department officials that the Canadian Government had hoped that it would not prove necessary for the United States to take any action to improve the competitive position of their producers of lead and zinc; the conversation between Mr. Howe and Mr. Humphrey should be set against that background, we explained.

3. With that preface, we then said that, according to our understanding, Mr. Humphrey had opened the conversation by telling Mr. Howe that consideration was being given in Washington to three alternative solutions:

(a) Acceptance of the Tariff Commission's recommendations;

(b) A domestic subsidy; and

(c) Continuing the present rates of duties on concentrates while raising them on refined lead and zinc.

We understood that Mr. Howe had told Mr. Humphrey very forcibly that the third alternative would be very distasteful to Canada, since it could do great damage to

our refining industry. So far as subsidies were concerned, we gathered that Mr. Howe had indicated that this was a matter for decision by the United States Government; and if it was decided to institute a subsidy scheme, the Canadian Government would have no grounds for formal protest. In any case, Mr. Howe did not propose to grant subsidies to the Canadian industry. It was also our impression that Mr. Howe had suggested that Canadian exporters would not be too frightened about their position in the United States market even if their competitors in this country were being subsidized.

4. According to our information, Mr. Humphrey had then asked Mr. Howe what he personally would do if he found himself in a similar predicament and felt obliged to take some action. We understood that Mr. Howe had replied that it seemed to him the best solution would probably be to try to re-negotiate, within the GATT framework, the United States duties on lead and zinc, offering, of course, some concessions to other countries in return. Since we had the benefit of a conversation yesterday morning with Mitchell Sharp, we went a little further and explained that what we thought Mr. Howe had in mind was a re-negotiation in accordance with the terms of Article XXVIII of the General Agreement, which, as you remember, in its amended form extends the firm life of the present GATT schedules only until June 30, 1955. If, however, the United States authorities thought that they could not wait until next year to try to re-negotiate these items, we believed that the Canadian Government would not rule out the possibility of an earlier re-negotiation.

5. At this point, Waugh arrived and, at his request, we went over the same ground again. He explained that he had just come from a meeting with the Secretary of the Treasury, and had intended speaking to Mr. Howe afterwards. However, he had now decided that it would be enough for his purpose if he learned at second hand the views that Mr. Howe had expressed. Waugh was concerned that the remark of Mr. Howe's which had most stuck in Mr. Humphrey's mind was to the effect, "I don't believe in subsidies and there won't be any in Canada so long as I am in office." Apparently the Secretary of the Treasury had repeated this remark to Waugh on a number of occasions — somewhat to his chagrin, since it was he who had suggested in the first place that Mr. Humphrey speak to Mr. Howe and since he was not arguing for subsidies as the lesser of the two evils.

6. Waugh explained that there was no intention or raising the duties on refined lead and zinc while maintaining the present duties on concentrates, and be implied that this possibility had been struck from the list, in part at least, as a result of Mr. Howe's objections. The only two alternatives now being considered were acceptance of the Tariff Commission's recommendations as they stood or some form of subsidy. At the meeting he had attended yesterday afternoon, the Secretary of the Treasury had spoken of a subsidy of three cents per pound across the board to be granted to all production of lead and zinc in the United States. In earlier discussions consideration had been given to subsidizing the first X-100 pounds of lead and zinc from any given mine. However, this proposal was now taking second place to the idea of subsidizing all production. No decision had yet been taken on what degree of subsidy should be granted, if that alternative was adopted by the United States Government. The figures that had been mentioned had ranged from between one

and a half cents per pound to three cents per pound. We could assume, Waugh thought, that the later figure represented the maximum subsidy that might be paid.

7. Nichols, the Acting Director of the Office of International Materials Policy in the State Department, said that, as he and his staff had worked out the probable effects of the increases in duty that had been proposed by the Tariff Commission, it would seem that they would not bring much succour to marginal producers in the United States. Waugh had used this argument in talking to the Secretary of the Treasury; but the Secretary apparently had countered by saying that, in his opinion, subsidies would do more damage to Canadian and Mexican producers than tariff increases. We were aware, from our conversation with Mitchell Sharp, that recent study in Ottawa of the comparative harm that might be done to Canadian commercial interests by United States subsidies or by higher rates of duty, had seemed to show that subsidies might be preferable. However we thought, on balance, that it would be unwise to mention that conclusion. Instead, when Waugh remarked that the United States authorities were anxious to consult with Canada on the choice now before them, we took the opportunity to enquire whether we might regard the meeting yesterday as an invitation to the Canadian Government to put forward in a more considered way any views that it might care to express on the alternatives now being considered in Washington. We thought that, in view of the further study that has been done in Ottawa and the somewhat altered situation here, you might wish to have one more chance of influencing the final decision. Waugh agreed very readily with our suggestion and said that any comments that the Canadian Government might wish to make would be warmly welcomed. We promised to have them, if possible, by early next week. You need not, of course, feel under obligation to comment if you think that would be inadvisable.

8. One further point needs to be recorded. When we were repeating with Waugh our earlier discussion of the possibility that the United States might seek to renegotiate its rates of duty on lead and zinc, he gave us to understand that they would not be able to wait until next year if they decided to accept the recommendations of the Tariff Commission. The reason he advanced was that any such long delay would queer the pitch for submitting at least the organizational provisions of GATT for Congressional approval early next year. From a remark made by Nichols, we also gathered that, if a decision were taken in favour of tariff increases, there would be great pressure on the President to put them into effect without delay and only afterwards to discuss compensatory concessions with other interested countries.

544. DEA/6780-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1285 Ottawa, July 27, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Your Teletype WA-1292 of July 22.

UNITED STATES TARIFF COMMISSIONS'S RECOMMENDATIONS ON LEAD AND ZINC

I am reproducing below the text of an Aide Mémoire, in reply to the questions which were raised by Mr. Waugh, which I should be grateful if you would present to the State Department.

In any oral explanation as to why we regard equivalent domestic subsidies as the lesser of the two evils you might give the following reasons:

(1) Adoption of Tariff Commission's recommendations would be a serious blow to the GATT and in the opinion of the Canadian Government would constitute a breach of the Trade Agreement with Canada, whereas a subsidy, though regrettable, would not constitute a breach of our Trade Agreement.

(2) Even though a domestic subsidy would encourage uneconomic production, it at least would have the advantage that it would not raise prices to United States consumers and hence would not discourage consumption or encourage the use of substitutes (in these respects, of course, it is unlike the agricultural price supports).

We have also had in mind the following further considerations although the State Department might not wish to mention these to the Treasury since they might be taken as confirming the latter's view that subsidies will be costly:

(1) In the case of a domestic subsidy, the cost of the protection is more readily apparent and the public is more conscious of the price which it is having to pay for the protection of these industries.

(2) There would be more opportunities for considering the removal of the subsidy since presumably appropriation would be required annually and any legislation embodying a subsidy would be more likely to have a terminal date.

We assume that the United States is not expecting any further views from us concerning our willingness to join in a renegotiation of the lead and zinc items in the event that they were to refrain at this stage both from raising tariff rates and introducing a subsidy. This is obviously something which would have to be considered if such a proposal were put to us. (Your paragraph 4 accurately reflects the thinking here at official level. You will appreciate that, particularly in view of our desire to keep unbindings of present schedules to a minimum, we would contemplate the renegotiation of such important items only with reluctance, even if significant counter-concessions could be found.)

Text of Aide Mémoire begins: The Canadian Government reiterates the views expressed in its Note of May 28 that any interference with the trade in lead and zinc which would hinder the continued development of adequate and efficient sources of supply and encourage uneconomic production in the United States would be against the interests of the United States and the free world generally. That Note also recalled that the present rates of duty on these items were negotiated and bound in a Trade Agreement with Canada and that they are regarded in Canada as one of the cornerstones of commercial arrangements with the United States.

The Canadian Government therefore holds to the view that the President should not accept the Tariff Commission's recommendation. This view is maintained notwithstanding the knowledge that the United States Government is considering subsidizing domestic production of lead and zinc as an alternative to an increase in the tariff rates on these commodities. It is assumed of course that the rate of any domestic subsidy which might be considered as an alternative would not be more than the increase in duty which has been recommended by the Tariff Commission.

Even though the payment of a subsidy on domestic production would be regrettable because it would tend to encourage uneconomic production, there is no clearly defined legal basis on which an outside country might object to the introduction of such a subsidy in the United States. Text ends.

545. DEA/6780-40

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

Ambassador in United States
to secrétaire d'État aux Affaires extérieures

TELEGRAM WA-1316 Washington, July 28, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Your teletype EX-1285 of the 27 of July.

UNITED STATES TARIFF COMMISSION'S RECOMMENDATION ON LEAD AND ZINC

We presented the aide-mémoire yesterday evening to Sam Waugh, Assistant Secretary of State for Economic Affairs. Our conversation with him was short and informal since it came at the very end of a day on which it had been announced that the President had accepted the Tariff Commission's recommendations on watches and watch movements. However, we thought it advisable to mention to him orally the first two of the reasons you listed for considering equivalent domestic subsidies as a lesser evil than tariff increases. We did not refer to the other two reasons for your preference.

2. Waugh told us that the aide-mémoire was just what the State Department wanted; and he gave us clearly to understand that he would be making immediate use of it in trying to avoid a decision by the President to accept the Tariff Commis-

sion's recommendations on lead and zinc. His only further comment related to the sentence in the second paragraph of the aide-mémoire in which the assumption is expressed "that the rate of any domestic subsidy which might be considered as an alternative would not be more than the increase in duty which has been recommended by the Tariff Commission". Waugh told us that, since we had seen him on the 21st of July, there had been a shift in opinion and that what was now being considered was a subsidy of two, three or four cents per pound on the first 200 tons produced each year in any given mine. The idea of a subsidy on all production of lead and zinc has apparently now been relegated to the background.

3. Although the President's decision on watches and watch movements, in our opinion, will be extremely damaging because of its inevitable effects on foreign public opinion, particularly in Europe, we nevertheless think that it may improve the chances of the President rejecting the recommendations on lead and zinc. We have several times expressed the view that the White House came to the conclusion last May that some recommendations of the Tariff Commission under the escape-clause procedure must be accepted in order to prove to Senator Millikin and his protectionist friends that the escape-clause has not become a dead letter. That has now been resoundingly demonstrated. In consequence, the President may not now feel under the same compulsion to elect to bring assistance to producers of lead and zinc in this country by raising the tariff. This is, of course, mere speculation. Nothing that Waugh said yesterday evening would give colour to it, and we may prove mistaken. The only certain thing is that no decision has yet been taken and that the battle between subsidies and tariff increases still goes on.

DEA/6780-40

546.

Le chargé d'affaires de l'ambassade aux États-Unis au secrétaire d'État aux Affaires extérieures

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

TELEGRAM WA-1491 Washington, August 30, 1954

CONFIDENTIAL

Reference: Our WA-1464 of August 26.†
Repeat to C.M. Isbister, Trade and Commerce, and D.A. Golden, Defence Production).

LEAD AND ZINC

At the meeting with Merchant reported in our telegram under reference we had asked how the stockpile figures indicated in the President's decision were arrived at. As you know, the main measure decided upon by the President is an expanded stockpiling programme and the President has stated that in this fiscal year the government could purchase up to 200,000 tons of lead and 300,000 tons of zinc.

2. Getzin of the Office of Materials Policy, State Department, has now given Chappell further information. He said that the figures represented roughly the difference between present stockpile holdings and the stockpile targets for the two metals. He explained that the "excess supply" of zinc at present held by American smelters and consumers was about 200,000 tons, i.e., 100,000 tons less than what the President had said the government could purchase in this fiscal year. He had no estimate of the corresponding "excess supply" of lead. When we asked him what he envisaged the situation would be should the increased stockpiling be insufficient, he replied that they hoped that with respect to zinc the forces of supply and demand would operate to maintain a balance once the 200,000 tons "excess supply" had been stockpiled. He could not be as specific concerning lead. He stated, however, that there is nothing permanent about stockpile targets and that they are subject to periodic review.

3. Concerning the mechanics of the stockpiling programme, Getzin said that his information was that ODM would issue directives to GSA to purchase on a monthly basis. The plan appears to be that monthly intakes into the stockpile will be closely linked to the demand supply positions obtaining at the time.

4. We cannot escape the impression that there is not much confidence on the part of officials that the President's measures will in fact solve the problem. At best the hope exists that the measures which the President has ordered will prove to be just sufficient to scrape through, assuming favourable conditions. But for how long this palliative might hold is not at all clear to us. One factor is the size of the stockpile which the Administration will be willing to accumulate. There can be no certainty that the stockpiling programme for this fiscal year will in fact mop up the domestic surpluses particularly if the programme brings about a rise in price which will encourage both greater domestic production and increased imports. (In this connection see August 23 issue of *Journal of Commerce*). On the other hand, the President places some hope on "the high rate of consumption which is indicated by the general economic outlook". But if the general level of business activity should decline in the coming months, then it seems fairly clear that the Administration will again come under pressure to take further action. In this connection, you will have seen that the President put himself on record on the question of the adequacy of increased tariff protection: ". . . I am convinced that a serious question exists as to the magnitude of the direct benefits that could be expected from the recommended tariff increases".[114]

[114] Le 25 août 1954, Eisenhower a rejeté la recommandation de la Commission des tarifs concernant le plomb et le zinc. De préférence, il a accepté de constituer des réserves gouvernementales de 200 000 tonnes de plomb et de 300 000 tonnes de zinc. Voir:/
On August 25, 1954, Eisenhower rejected the Tariff Commission's recommendation regarding lead and zinc. Instead, he agreed to establish a government stockpile of 200,000 tons of lead and 300,000 tons of zinc. See:
United States, Department of State, *Bulletin*, Volume XXXI, No. 793, September 6, 1954, pp. 339-340.

547. DEA/6780-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1786 Ottawa, September 28, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Your telegram WA-1698 of Sept. 28.†

TARIFF COMMISSION RECOMMENDATIONS ON IMPORTS OF OATS

The Canadian Ambassador presents his compliments to the Secretary of State and has the honour to refer to the recommendation which has now been made by the United States Tariff Commission to the President of the United States to impose quantitative restrictions on imports of oats.[115] In view of the many dangers inherent in the application of import restrictions, the Government of Canada earnestly hopes that the United States will not apply restrictions against the trade in oats.

2. In December of 1953 the Canadian Government entered into a short term interim arrangement, at the request of the Government of the United States, to limit Canadian exports of oats.[116] It was the understanding of the Canadian Government that this restriction was to continue in force only for a short period and that the trade in oats would be restored to a normal basis, free of restrictions, as quickly as possible. It is therefore the hope of the Canadian Government that the United States will now remove its restrictions from the importation of oats.

3. In the view of the Canadian Government there is little likelihood of the United States Government's marketing plans for oats being upset during the forthcoming year because of imports of Canadian oats. The adoption of more flexible price support policies in the United States and the continuation of serious drought should considerably reduce the threat of a further large-scale accumulation of oats. In addition, according to the latest unofficial estimate the production of oats in the prairie provinces (which are the principal source of export oats in Canada) is likely to fall to 219 million bushels in the crop year 1954-55 and perhaps lower. This is substantially below the crop years 1952-53 and 1953-54 when production was 346 million bushels and 276 million bushels respectively. Furthermore, United States importers have always purchased Canadian oats because of high quality and heavy weight. This year there is no doubt that a low quality crop is in prospect.

4. The Canadian Government notes that the quota of 40 million bushels per annum recommended by the Tariff Commission is approximately the average of

[115] Le 27 septembre 1954, la Commission des tarifs a recommandé l'imposition d'un contingent d'importation annuel de 40 millions de boisseaux, toutes provenances confondues.
The United States Tariff Commission recommended an annual import quota of 40 million bushels from all sources on September 27, 1954.

[116] Voir/See Volume 19, Document 863.

imports during the preceding five crop years. Since the Tariff Commission apparently feels that this average is representative of normal trade and is in fact based on the actual trade in recent years, there seems to be little point in disturbing trade by the introduction of restrictions which, while seriously disturbing established channels of trade, may not, in fact, change its basic volume or character.

5. There is little doubt that the application of restrictions to imports of oats would seriously damage this trade. The Canadian Government is particularly disturbed by the fact that no time limit has been placed on the recommended restrictions. Since this is a matter which must be kept under continuous review as supply conditions change, it would have been reasonable to expect that a one-year limit would be attached to the recommendation. If the President does accept the recommendation for a quota on the import of oats, the Canadian Government strongly urges that the quota should be effective for not more than one year.

6. The United States Government negotiated a tariff concession on oats with Canada under the terms of the trade agreement which is presently in force between Canada and the United States. Any long-term impairment of this concession would be seriously regarded by the Government of Canada.

7. Although Canada has been the major supplier of oats to the United States, there is a distinct possibility that other countries whose crops mature at an earlier date might attempt to disrupt traditional patterns of trade by flooding the market with their product before the Canadian crop is ready for shipment. When the Canadian crop became available there would be similar tendency on the part of Canadian exporters. In order to minimize the disruption to markets which could result from these developments because of a sudden flood of imports, the Canadian Government would regard it in the interest of all concerned to allocate any quota amongst supplying countries on an historical basis.

548. DEA/6780-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1710 Washington, September 29, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Your telegram EX-1786 of the 28 of September.

U.S. TARIFF COMMISSION'S RECOMMENDATIONS ON OATS

We have delivered to the State Department this morning the Canadian note embodied in your telegram EX-1786.

2. Early yesterday we learned from the State Department that a meeting was to be held at the White House that afternoon under the chairmanship of Gabriel Hauge, Administrative Assistant to the President for Economic Affairs. State Department

officials said that they would be grateful to receive any Canadian comments on the Tariff Commission's recommendations before the meeting was held at the White House. Although your instructions had not yet arrived, we thought we should take advantage of this invitation, since otherwise our representations might come too late to have much bearing on the decision. We therefore called at noon yesterday on Carl Corse, Chief of the Commercial Policy Staff in the State Department. Wynne Plumptre was kind enough to come along in order to add weight to what we had to say.

3. After explaining that a note was on its way, we told Corse that we would like to anticipate its contents. Our remarks might not at all points coincide exactly with the line taken in the note. But we thought that, although we were speaking without formal instructions, we could nevertheless accurately represent the views of the Canadian Government.

4. The Canadian Government would find it very regrettable if the President should decide to accept the recommendations of the Tariff Commission, we stated. The restriction that had been proposed on oats would seriously interfere with the trade across the border which was of such great importance to both countries; and ministers both of the United States and Canada at the meeting of the Joint Committee on Trade and Economic Affairs had agreed last March on the desirability of avoiding such action. Pressures were accumulating in Canada for increased protection against imports from the United States, and these pressures would be harder to resist if the President accepted the recommendations on oats.

5. Such action would constitute an infringement of the existing trade agreement between Canada and the United States and as such could not be lightly regarded by the Canadian Government. In addition, a further demonstration that the United States administration was unable to bring its practice in the field of agricultural imports into conformity with Article XI of the General Agreement on Tariffs and Trade would certainly make it more difficult to negotiate successfully a revision of the agreement at the forthcoming review session. These were the broad grounds which formed the basis for the hope of the Canadian Government that the recommendations might be rejected.

6. We then went on to provide some figures concerning Canadian production and export of oats in order to suggest that there was nothing in the present scene to threaten the market for oats in the United States. In this part of our remarks we based ourselves on the evidence given by George McIvor before the Tariff Commission on the 8 of September. The acreage under oats in the Prairie Provinces had declined sharply from its peak in 1943. In the last crop year the total production of oats in Canada had amounted to some 404 million bushels. But about a third of this total had been produced in Eastern Canada, which is a deficit area. Of the approximately 273 million bushels grown in the Prairie Provinces and the Peace River district, only some 90 million bushels had entered into commercial channels: and, of this amount, approximately 50 million bushels were required domestically. Exports of oats from Canada to the United States had varied considerably from year to year, but it did not seem to the Canadian authorities that the supply position

in Canada need cause concern in this country. Moreover, this year there had been a poor harvest, which would result in a marked decline in oats production.

7. To sum up, we repeated that the proposed restriction could not fail to have unfortunate results on the trade between Canada and the United States and also on the GATT review. In the light of the supply position in Canada, it would also seem to be unnecessary. We therefore had no doubt that the Canadian Government would very much regret it if the recommendations were accepted.

8. If, contrary to our hopes, a quota was imposed, we strongly urged that it should not be for an indefinite period as the Tariff Commission had recommended but should be limited to one year. We recalled that the President himself, in his letter to the Prime Minister of the 31st of March 1954 concerning the restrictions imposed on imports of rye, had drawn attention to the fact that those restrictions were for a one-year period only. We hoped, at the very least, that the President would find it possible to put a similar limit on any quota that might be imposed on oats.

9. We also pointed out that the Tariff Commission had recommended merely a global quota and had said nothing about allocating the quota to various countries. Traditionally, Canada had supplied the bulk of United States imports of oats, with only comparatively negligible quantities coming from other countries. In order to avoid flooding the market, with the attendant damage that might be done to orderly marketing, we hoped that if the President accepted the Tariff Commission's recommendations, he would amend them in his proclamation by adding that the quota would be allocated among supplying countries on the basis of the import figures for some representative base period.

10. Plumptre then added some very effective remarks based on his experience as the official in the Department of Finance responsible for the Canadian tariff and on his activities in preparation for the GATT review. He mentioned some of the recent visits that he has received from Canadian manufacturers anxious to obtain higher protection against United States imports and added that, almost without exception, they complained that, while Canada was abiding by its obligations under the General Agreement, the United States was running up a growing list of infractions. If these fresh recommendations by the Tariff Commission were accepted by the President, the possibility of resisting pressures in Canada for increased protection would be further reduced. He also emphasized that Canadian officials have become more and more doubtful about the possibility of successfully negotiating a revision of the agreement, largely because of the inability of the United States to respect the agricultural provisions it contains at present. He felt sure that, if the action recommended by the Tariff Commission were taken, the risk of failure at Geneva would become even greater.

11. Corse had virtually nothing to say during the meeting. But he took careful notes of all our remarks (which were made rather more meticulously and pontifically than usual in view of the possibility that they might be the only Canadian representations that could be effective) and said that he would relay them fully and faithfully to the meeting that was to be held at the White House later in the day.

549. DEA/6780-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1731 Washington, October 2, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Our teletype WA-1713 of September 30.†

UNITED STATES TARIFF COMMISSION'S RECOMMENDATION ON OATS

After speaking over the telephone to Mr. Howe on Thursday morning (September 30) I spoke to Sam Waugh, Assistant Secretary of State for Economic Affairs, to stress at a higher level the importance we attached to having any quota that the President might decide to impose on oats limited to a duration of one year. Waugh admitted that he was not very familiar with this issue but promised to look into it and speak to me again. He has telephoned this morning to say that Gabriel Hauge, Administrative Assistant to the President for Economic Affairs is flying to Denver today to place concerted recommendations before the President. Waugh gave me to understand that although a quota would almost certainly be imposed, our desire that it be limited to one year would be met. We believe that the President's decision is likely to be released on Monday, October 4.[117]

550. DEA/6780-40

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

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-1843 Ottawa, October 7, 1954

CONFIDENTIAL. IMMEDIATE.

UNITED STATES TARIFF COMMISSION'S RECOMMENDATION — BARLEY AND BARLEY MALT

1. The immediately following teletype contains the text of the Note for transmittal to the State Department regarding the Tariff Commission's recommendation to increase the duty applicable to barley and barley malt.

[117] Le 4 octobre 1954, Eisenhower a imposé un contingent d'importation global de 40 millions de boisseaux pour un an, dont le Canada a reçu 39 312 000. Voir/Eisenhower imposed a global import quota of 40 million bushels for one year on October 4, 1954. Canada was given an allocation of 39,312,000 bushels. See United States, Department of State, *Bulletin*, Volume XXXI, No. 801, November 1, 1954, pp. 657-658.

2. When presenting this Note you should emphasize in particular that, in the view of the Canadian Government, there is no justification for the imposition of any form of restriction against malting barley and barley malt. You should therefore indicate that we are confident that the President will reject this proposal. You should make the point, however, that if the President does not intend to reject this recommendation, Canadian authorities would wish to have an opportunity to discuss this matter again. (As a matter of tactics this may mean another trip to the State Department possibly as early as tomorrow).

3. For your own information if it becomes clear that an increase in the tariff is unavoidable, we would wish to have an opportunity to request that it be limited to one year and to explore the possibility of making some special arrangement (i.e. an exception) for malting barley. In addition, we would wish to request that imports of barley malt be exempted from the higher duties or failing this, that a separate tariff quota be established for this product, perhaps in the same manner as a separate quota was set up in 1941 for wheat flour as distinct from milling wheat. The trade in this product is small and contracts usually require monthly shipments over twelve months. Under the higher tariff there is the danger that this trade would be seriously disturbed in any scramble to fill the 22.5 million bushel quota at the lower rate.

4. In our proposed Note we have not mentioned the points set out in our preceding paragraph (with the exception of our offer in paragraph 6 relating to segregating feed and malting barleys), since we consider that by doing so or by revealing orally our "second preference" *at the same time* the note is delivered, we might compromise our stand that there are no grounds for the imposition of any restrictions. You are however authorized at your discretion to put these points to the State Department when and if it is clear that the President plans to accept the Tariff Commission Recommendation as it now stands.

551.

DEA/6780-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1844

Ottawa, October 7, 1954

CONFIDENTIAL. IMMEDIATE.

The following is the text of the note referred to in my immediately preceding teletype:

"1. The Canadian Ambassador presents his compliments to the Secretary of State and has the honour to refer to the Recommendation which has been made by the United States Tariff Commission to the President to impose an additional duty of 8 cents per bushel on imports of barley and barley malt in excess of 22.5 million bushels in each year beginning October 1. The Government of Canada is seriously disturbed by this recommendation, the implementation of which would not be in

the interest either of Canada or of the United States. The Canadian Government therefore earnestly and confidently hopes that the President will reject this proposal to restrict trade by imposing a higher rate of duty against imports.

2. The trade in barley and barley malt which has been of substantial benefit to both Canada and the United States is well established and of long standing. It will be recalled that in order to facilitate the movement of barley, Canada and the United States negotiated a reduction in 1938 in the duty applicable to this product, a concession which was bound in the trade agreement which entered into force between the two countries in January, 1939. The item was again negotiated and rebound at Geneva in 1947. Thus the existing rate of 7 1/2 cents per bushel is at present bound under the GATT, which is the trade agreement currently in force between Canada and the United States. The rate of duty applicable to barley malt was also negotiated with Canada and is bound against increase under the GATT. Any impairment of these long standing contractual obligations would be seriously regarded by the Government of Canada.

3. In the view of the Canadian Government there is, in fact, no reasonable justification for imposing additional restrictions on trade in these commodities. Imports of Canadian barley into the United States have been used almost entirely for malting purposes. The demand for Canadian barley stems from the fact that high grade barley required for malting purposes is grown in Canada and that sufficient quantities of this type of barley are not produced in the United States to meet the requirements of domestic malting interests. To impose an additional duty of 8 cents per bushel on imports in excess of 22.5 million bushels will thus serve only to raise the price of good quality malting barley to United States maltsters without increasing domestic output.

4. The attention of the Canadian Government has been drawn to the fact that during the hearings before the Tariff Commission it was pointed out by United States malting industry that they have attempted to increase their purchases of malting barley from domestic sources but that they were not able to obtain sufficient quantities of the required quality. In this regard, they reported that they had carefully examined stocks held by the United States Government in the hope of obtaining additional supplies. In spite of these endeavours, domestic availabilities have fallen short of their requirements. It is the view of the Canadian Government that this might be taken as strong and indeed conclusive evidence that a shortage exists in the United States of good quality malting barley.

5. It is also important to take into account a number of new factors which are likely further to restrict the supply of malting barley. First, the adoption of more flexible price support policies in the United States is likely to reduce rather than increase production in the United States. Secondly, adverse weather conditions during the past crop year in Canada have seriously reduced the crop and lowered its quality. Under the adverse growing conditions which have prevailed in Western Canada, it is certain that an unusually high percentage of the barley crop will not be of sufficiently high grade for malting purposes.

6. While there may be considerable stocks of feed barley on hand, feed barley is a distinct and separate product from malting barley. Canadian exports to the United

States of feed barley have been small and the Canadian Government could give assurance that they would not increase appreciably. The Canadian Government has already raised this point with the United States Government and is willing to discuss this proposal in further detail at any time.

552. DEA/6780-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1765 Washington, October 7, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Your telegrams EX-1843 and EX-1844 of the 7th of October.

UNITED STATES TARIFF COMMISSION'S RECOMMENDATIONS ON BARLEY AND BARLEY MALT

This afternoon at the State Department we presented your note to Carl Corse, Chief of the Commercial Policy Staff. As you know, Sam Waugh, Assistant Secretary of State for Economic Affairs, is in Ottawa. In his absence we would have preferred to make our representations to Kalijarvi, the Deputy Assistant Secretary. But he was not available this afternoon and we thought it would be unwise to defer submitting the note until tomorrow.

2. We began by telling Corse that, in the view of the Canadian authorities, no case had been made out for additional restrictions against imports of barley. Presumably the United States authorities were concerned over the problems connected with the production of feed grains in the United States. For the most part, shipments of barley from Canada had no bearing on these problems, since Canadian imports, with few exceptions, were not used for feed but were consigned to United States maltsters. The Canadian authorities therefore hoped and expected that the President would reject the recommendations of the Tariff Commission.

3. After making these oral remarks, we handed Corse the note. His attention fastened principally on the final paragraph about which he had the following questions to ask:

(a) How could barley for malting purposes be distinguished from feed barley?

(b) How could the Canadian authorities regulate the export of feed barley and ensure that malting barley was in fact used for that purpose after it had been shipped to the United States?

(c) In the opinion of the Canadian authorities, what would be a suitable figure for shipments of feed barley during the coming year to the United States?

4. In reply to Corse's first question, Hopper explained that malting barley ordinarily commands a considerable premium over feed barley and is indeed a separable commodity. On the question of regulation and control, we said that the Canadian

authorities felt confident that they could limit the shipments of feed barley to the United States in the same way as they had limited shipments of oats over the past year. So far as malting barley was concerned, the Canadian Wheat Board could require that its agents secure certificates from the importers to ensure that the barley in question was actually used for malting purposes. In reply to Corse's final question, we ventured the tentative opinion that an appropriate figure for shipments of feed barley to the United States over the next twelve months might be five million bushels.

5. When Corse showed some inclination to pursue these and other subsidiary issues, however, we said frankly that we did not want to blunt the force of our argument that there was no case for additional barriers against imported barley by being drawn off to consider minor issues. We thought that the President should reject the recommendations. What possibility was there that he would in fact decide to do so?

6. Corse replied that he did not know. But on the basis of the President's past performance in dealing with Tariff Commission findings made under Section 22 of the Agricultural Adjustment Act, he saw little prospect that the President would entirely reject the recommendations. He also reminded us that the mid-term elections are now less than a month away. In the light of that reply, we suggested that the next step should be for him to report our representations as quickly as possible to the White House. If he, after consulting the White House, still thought that there was little or no chance that the President would decline to take any action, we would wish to make some supplementary representations. He agreed with that procedure and said that he would be getting in touch with us as soon as possible tomorrow morning.

553. DEA/6780-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1780 Washington, October 12, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Our telegram WA-1766 of the 8th of October 1954.†

UNITED STATES TARIFF COMMISSION'S RECOMMENDATIONS ON BARLEY MALT

The meeting between Mitchell Sharp and Gabriel Hauge which was held yesterday afternoon showed

(a) That the administration still has an open mind on this issue;

(b) That the White House is anxious to reach a compromise that might be reasonably satisfactory to the Canadian Government;

(c) That, in the view of the U.S. authorities, something must be done to implement at least a part of the Tariff Commission's recommendations, and

(d) That this problem is not regarded as one of such political urgency that precipitate action must be taken.

2. Sharp began by saying that the Canadian Government sympathized with the difficulties which had been created for the United States Administration by the price support policies it had inherited. This sympathy had been manifested by the action which the Canadian Government had been prepared to take last year to impose voluntary restrictions on exports of oats to the U.S. and by the comparatively mild Canadian reaction to the recommendation of the Tariff Commission this year that there should be an import quota on oats. Highly objectionable as were any increased restrictions on trade, the Canadian Government recognized that if they had been operating within legislation similar to that now on the books in the U.S., they probably would have felt obliged to prevent foreign imports from entering in any greatly increased volume to take advantage of the support prices. The barley issue, however, seemed quite different and the Canadian authorities could not see how further restrictions placed in the path of imports from Canada could ease the problem with which the U.S. Government was wrestling. Mr. Howe wanted it known that he would take a very serious view of action pursuant to the Tariff Commission's recommendations.

3. Malting barley must be considered as quite separate from feed barley, Sharp contended; and there was a strong consumer preference among U.S. brewmasters for Canadian barley. This trade had been deliberately and carefully developed by the establishment of special grades in Canada and by the development of strains specially adapted for malting. The Canadian Government could not believe that the U.S. authorities would wish to interfere with this growing trade which was based on a marked consumer preference. At an earlier stage the Canadian Government had suggested informally that they would be willing to limit exports of feed barley to the U.S. over the next twelve months and to require that exporters wishing to ship malting barley to the U.S. should furnish to the Canadian Wheat Board certificates from the importers to guarantee that malting barley would be used for that purpose. He was empowered, he said, to renew that offer at the present time.

4. Hauge opened his reply by saying that the comments of the interested agencies on the Tariff Commission's recommendations had not yet been received by the White House. The issue, therefore, was still open. He also remarked that one of his problems was to maintain the morale of the Tariff Commissioners, who had seen most of their recommendations rejected by the White House. He welcomed the observations that Sharp had made, but said that he had a number of questions to ask.

5. He first enquired about the reality of the consumer preference that had been attributed to U.S. maltsters. Although admitting that it had been widely maintained in the United States as well as in Canada that Canadian malting barley was preferred by the malting industry here, he said that this claim had been challenged; and he would be interested to receive further information on this point. Secondly, he was concerned over what would happen to barley produced in the United States

that was rejected by the U.S. brewmasters in favour of Canadian barley. Surely such barley would then be used for feed or be offered to the Commodity Credit Corporation and so increase the difficulties of the Department of Agriculture in operating its price support programme. His third worry was over the problem of distinguishing between malting and feed barley. From such information as he had, it seemed to him that United States brewmasters could use very different types of barley. Finally, he wondered what was the possibility that, if Canadian supplies of feed barley were to be voluntarily limited in accordance with Sharp's suggestion, other countries might increase their shipments, as had happened in the case of oats.

6. The whole tenor of Hauge's questioning implied that the distinction between feed barley and malting barley was not so clear as had been suggested and, further, that United States and Canadian malting barley were, in fact, roughly interchangeable.

7. Taking up Hauge's first question, McNamara of the Canadian Wheat Board explained that the identity of carload shipments of Canadian malting barley was preserved until they reached their final destination. Purchasers of Canadian malting barley were required to pay to the producer a premium of 5 cents in addition to the premium paid by the Canadian Wheat Board. U.S. maltsters preferred Canadian barley because they could rely on its comparatively uniform quality and because it met their strict standards. McNamara also drew attention to the fact that high quality barley for malting purposes seemed to be grown each year in more and more northerly latitudes. This was true within the United States as well as within Canada and accounted, he believed, in large measure for the preference shown by U.S. maltsters for Canadian barley. One danger inherent in the recommendations of the Tariff Commission, he went on to say, was that Canadian exporters might rush to take up the proposed tariff quota with feed barley, so that most of the imported malting barley required in the U.S. would have to pay the additional 8 cent import fee.

8. Hauge listened intently to all of the arguments presented by Sharp and McNamara and said that he wished this problem to be sifted thoroughly. For that purpose he suggested that a meeting should be arranged in the Department of Agriculture at which all of the interested agencies could be represented. We will be reporting in a later message on what transpired at that further meeting.

DEA/6780-40

554.

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1785 Washington, October 13, 1954

SECRET. IMMEDIATE.

Reference: Our WA-1780 of 12 October, 1954.

UNITED STATES TARIFF COMMISSION'S RECOMMENDATIONS ON BARLEY AND BARLEY MALT

Please repeat to: M.W. Sharp, Associate Deputy Minister, Department of Trade and Commerce, Ottawa, from Hopper, Begins: The meeting yesterday morning was held in the office of Earl Butz, Assistant Secretary of Agriculture, who acted as Chairman. Others in attendance from the United States besides Butz, were McPhee of Dr. Hauge's staff, Whitesell of Customs, Corse and Southworth of the Department of State, and Burmeister, Scholl, Case, and Borton of the Department of Agriculture. Sharp, McNamara, LePan, and Hopper attended for Canada.

2. At Butz's request, Sharp presented the Canadian views on the Tariff Commissions report, emphasizing, as he had done at the meeting of previous day with Hauge, that the proposed restrictions on imports of barley would cut across the well-established trade with Canada in malting barley which, over the years, has provided United States maltsters with the kind of barley they required. It could be construed, he said, that the purpose of the restrictions is to force United States maltsters to take varieties of barley from the United States which they do not want. He said he did not think the United States Government wished to do this. The Canadian Government, he continued, is quite familiar with the departmental problems associated with price support policies in the United States and is sympathetic with the desire of the administration to carry out the wishes of Congress as contained in the price support legislation as it applies to feed barley. Malting barley, however, is quite a different product from feed barley and commands a higher price.

3. If the United States Government decides that something must be done to limit the imports of feed barley, Mr. Sharp informed the meeting that the Canadian Government would be prepared to recommend that the Canadian Wheat Board undertake to control feed barley exports to the United States during the next 12 months, which can be accomplished under the Wheat Board legislation. If this idea were acceptable to the United States, the Wheat Board, through its agents, could require that United States importers of barley for malting purposes provide certificates that the barley would be used only for malting.

4. The United States officials referred to the trouble which had developed with a third country when Canada voluntarily restricted exports of oats to the United States. In reply to this, Sharp said that if it were agreed that, as an alternative to the Tariff Commission recommendations, Canada limit exports of feed barley, and there were no restrictions on exports of malting barley, Canada would be prepared to take the risk that another exporting country might ship feed barley in substantial quantities to the United States, and would not ask for protection against that trade. United States imports of barley from countries other than Canada were briefly reviewed and it appeared that there is little likelihood of other large barley-producing countries increasing their sales of barley in the United States, but it was agreed that this possibility does exist.

5. Butz asked if it is not true that the proposed 8 cent per bushel fee above the existing duty, after 22.5 million bushels are imported, would not represent an obstacle of any importance to United States maltsters if they needed Canadian malting barley. On this point, Sharp observed that the 8 cent fee would represent a

higher price for Canadian malting barley to United States maltsters. Any duty is an obstacle to trade, and under GATT there has been a series of negotiated reductions in United States duties which encouraged Canadian barley growers to grow barley of malting quality to meet the needs of United States maltsters. McNamara pointed out that the prices of premium barley had advanced since the time of the Tariff Commission hearing and these prices are now well above the support level.

6. Burmeister said the United States barley crop was much larger than last year, and a considerable part of it had been harvested before unfavourable weather had injured its quality, but he could not say how much was of malting grades. He thought, however, that a considerable portion of the United States crop was suitable for malting. His last statement was not, said McNamara, in accordance with the opinions expressed by the representatives of the maltsters who were witnesses at the Tariff Commission's public hearings.

7. The support price in the United States for barley is an average of feed and malting barley prices, said Burmeister. The commodity credit corporation will have to take much larger quantities of barley this year than in the past. Butz remarked that the ill-conceived price support legislation of the United States does not recognize the difference between malting and feed barley and, therefore, growers are not much interested in going to the extra trouble of selecting barley for malting purposes.

8. McNamara outlined the Canadian plan for the production of malting barley, and how it is kept separate from feed barley, as he had done during the meeting with Dr. Hauge. He said that the 5 cent per bushel, which is paid to growers for the extra work entailed in the production of malting barley, is in addition to the higher prices which malting barley usually commands in the market. McNamara said it was the general opinion that the production of barley for malting is moving northward; that Wisconsin, where once large quantities of malting barley were produced, no longer is considered a malting barley state. According to the United States maltsters, he continued, the climate and soil conditions in certain areas of the prairie provinces of Canada are particularly suitable for the production of malting barley which has characteristics desired by maltsters.

9. Butz remarked that he was personally opposed to barriers to trade, but Congress, he said, has given us a law to administer. He thought that price supports for barley would likely be lower next year and the present situation is somewhat of a temporary one.

10. Sharp and McNamara pointed out that the Canadian barley crop has suffered from unfavourable growing and harvesting conditions, and Canada will not have a large quantity of barley of malting quality to export. Therefore, they asked, why introduce restrictions in a year when they are likely to be unnecessary. The application of restrictions which would require United States maltsters to pay 8 cent more per bushel for Canadian barley after the proposed quota is filled will tend, they said, to disrupt a trade in a premium product which Canadian growers, after considerable effort, have developed over the years to meet the requirements of United States maltsters. Increased Canadian exports of malting barley have not been the

result of the price support policies of the United States, but rather because of the high quality of Canadian barley.

11. The President believes that any import restrictions which are adopted by the United States should be for one year only, said McPhee. He wondered if this fact would not contribute to a solution of the problem which is being discussed.

12. McNamara brought out the point, which he advanced in the meeting of the previous day, that if the Tariff Commission recommendations are adopted it could mean that a substantial part of the 22.5 million bushel quota could be filled with feed barley, which the United States does not want and, as a result, United States maltsters would be deprived of that quantity at existing rates of duty. On the other hand, if the Canadian proposal of limiting feed barley imports by the Canadian Wheat Board to an agreed upon quantity, and requiring certificates from United States importers of malting barley were accepted, the danger that there would be large imports of feed barley would be avoided if other exporting countries did not increase their exports to the United States.

13. More restrictions on imports from Canada will not be well received by Canadians, and by the Canadian Government, Sharp warned, and why, he asked, adopt import restrictions which will not be to the advantage of either country but which are more likely to disturb the good relations which now exist. As a representative of the Canadian Government we are often asked, he continued, why Canada observes the principles of GATT when the United States does not. Both our governments are favourable to the liberalization of trade.

14. Butz thanked the Canadian representatives for their attendance, and for their frank expression of views. It appeared to the Canadian representatives that while the United States officials present at the meeting were willing to listen to the alternatives suggested by Sharp and McNamara, the officials of the Department of Agriculture, in particular, tried to answer each point which was raised. This seemed to indicate that they had already made up their minds that they were not ready to accept any modification of the Tariff Commission's recommendations, it should be borne in mind, however, that the Tariff Commission did not accept the recommendations of the Department of Agriculture which were presented at the public hearing. The Commission's recommendations were more liberal than were those of the Department of Agriculture, and perhaps it is understandable that the Department of Agriculture would not be prepared to accept any change in the nature of further concessions to a country exporting barley to the United States.

15. After the meeting closed, McPhee and Whitesall followed the Canadian representatives out of the room and in the outside office McPhee said he had an idea he would like to advance as an alternative to the proposals by Canada. He emphasised that it was his own personal idea and was not official. His suggestion was that the proposed tariff quota of 22.5 million bushels be increased by an amount equal to the amount of feed barley Canada would expect to export to the United States in the next 12 months, and that the Canadian authorities would undertake to control the exports of feed barley to the proportion agreed upon of the total quota. This plan would have the advantage to the United States of preventing any country from flooding the United States with barley and would assure United States maltsters of

obtaining the major part of the quota in the form of malting barley from Canada at existing rates of duty. Moreover, it would be a compromise, he thought, that was not very different from the Tariff Commission's recommendations, but would be a concession which might be acceptable to Canada. McPhee's suggestion was left over for later consideration by the United States and Canadian authorities. Ends.

555. DEA/6780-40

Le chargé d'affaires de l'ambassade aux États-Unis au secrétaire d'État aux Affaires extérieures

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

TELEGRAM WA-1791 Washington, October 14, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Our telegram WA-1785 of the 13 of October 1954.

UNITED STATES TARIFF COMMISSION'S RECOMMENDATIONS ON BARLEY AND BARLEY MALT

A meeting was held in Carl Corse's office in the State Department this morning to enable us to transmit the reactions of the Canadian authorities to the two compromise solutions that had emerged during the visit of Sharp and McNamara to Washington.

2. To avoid any misunderstanding, we began by outlining the alternative solutions.

(a) Under the first alternative, the Canadian authorities would voluntarily restrict exports of feed barley to the United States to a limited number of bushels over the next twelve months, on condition that shipments of malting barley, duly certificated, should be allowed to enter freely without any tariff quota being established by the United States.

(b) Under the second alternative, the Canadian authorities would voluntarily restrict exports of feed barley to the United States to a fixed number of bushels, on condition that the tariff quota proposed by the Tariff Commission was increased by the same figure. The tariff quota would be allocated among supplying countries on the basis of some historical period so as to ensure that Canada would receive almost the whole of the quota. Moreover, the tariff quota would run for only one year. We then reported that Mr. Howe had said that he did not have any preference as between these two possible compromise solutions. Subject to agreement being reached on the quantity of feed barley to be shipped to the United States, he would be willing to accept either of the two solutions and defend it publicly.

3. When we had completed these opening remarks, Corse said that he thought there was some misunderstanding about the proposal which had been informally advanced by McPhee of Hauge's office in the White House. The Department of Agriculture thought that what was being suggested was not a somewhat enlarged

tariff quota but an absolute quota. We replied that we felt sure that Mr. Howe's comments related to a tariff quota and we thought this point should be cleared up before the discussion went any further. We then withdrew and Corse consulted both McPhee and the Department of Agriculture over the telephone.

4. As a result of these consultations, Corse said, when we were called in again, that the United States authorities would like consideration to be given in Ottawa to three possible solutions.

(a) The first solution was the one suggested by Sharp at the meeting in Hauge's office on the 11th of October. It is set out in sub-paragraph 2(a) above.

(b) Under the second possible compromise, the Canadian authorities would restrict exports of feed barley to X-million bushels on condition that the tariff quota of 22.5 million bushels recommended by the Tariff Commission was increased by the same X-million bushels.

(c) Under the third possibility the Canadian authorities would restrict exports of feed barley to the United States to X-million bushels and the United States would impose an absolute quota of 22.5 million bushels increased by the same X-million bushels and by an additional Y-million bushels. Our only comment of the third possibility was that it seemed to run counter to the Tariff Commission's recommendations and we doubted whether it would prove attractive in Ottawa. However, we agreed to report it to you at once and seek your reactions.

5. You may be interested to know that Corse told us that the Department of Agriculture is still standing firm for the recommendations of the Tariff Commission and is opposed to each and all of the compromises listed above. For any one of them to win acceptance, the Department of Agriculture would have to be overruled by the White House. Corse also said that the Department of Agriculture was opposed with particular tenacity to the compromise that had been suggested on the Canadian side because they were apprehensive about the risk of increased shipments from third countries which they would not be able to control. He, therefore, was personally inclined to doubt whether this solution would be ultimately accepted by the White House.

6. There was one minor point which he hoped we would be able to clear up. If the United States imposed a tariff quota on barley and if, concurrently, the Canadian authorities gave a voluntary undertaking to restrict exports of feed barley to the United States, would this restriction be absolute? We replied that we felt sure that was your intention. In other words, Canada would be limiting not only the quantity of feed barley to enter the United States within the tariff quota but all feed barley crossing the border. However, we agreed to seek confirmation of this point.

7. Finally, you should know that we were told by Corse that the White House would like to be in a position to take whatever United States action may be necessary by this Saturday, the 16th of October, at the latest.

556. DEA/6780-40

Le chargé d'affaires de l'ambassade aux États-Unis au secrétaire d'État aux Affaires extérieures

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

TELEGRAM WA-1792 Washington, October 14, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Our WA-1791 of October 14.

UNITED STATES TARIFF COMMISSION'S RECOMMENDATIONS ON BARLEY AND BARLEY MALT

After we had been informed by Mitchell Sharp at noon today of the conversation earlier this morning between Mr. Howe and Mr. Stewart, we telephoned Corse at the State Department to let him know what Mr. Howe had told the United States Ambassador. Mr. Howe had said, we reported, that he had not understood that the United States authorities were giving consideration to an absolute quota. However, he could appreciate that an absolute quota might seem, from the United States point of view, to have some advantages over a tariff quota. He would be willing to accept an absolute quota provided it were larger than the increased tariff quota that had been under consideration. To be precise, he would be prepared to give an undertaking to limit Canadian exports of feed barley to the United States to five million bushels over the next twelve months, if the United States Government would agree to increase the proposed tariff quota to 27.5 million bushels or, alternatively, to establish an absolute quota of not less than 30 million bushels. As between those two alternatives he had no preference.

2. At 2:30 this afternoon we were again called to the State Department, where Corse told us that the United States authorities would prefer an absolute quota. The figure he proposed for the absolute quota was 27.5 million bushels. The quantity of feed barley to be exported by Canada over the next twelve months should be restricted to 3 million bushels. The United States quota would run for one year only and would be allocated so that Canada would receive 99 percent of the total.

3. When we enquired about the status of this proposal, Corse said that it was to be regarded as being put forward "by the United States Government". In other words, it had been cleared both with the White House and with the Department of Agriculture, although the latter agency had agreed only very reluctantly, he said.

4. On the figures mentioned by Corse we made only two observations. We said that since the figures proposed on the Canadian side had been chosen by Mr. Howe himself, we felt that it would be improper for us to enter into negotiations to revise them downwards. We also recalled that there had been a poor barley crop in Canada this year, with the result that there would probably be comparatively less malting barley for export and comparatively more feed barley. We promised that we

would report the United States counter-proposal at once and transmit your comments as soon as they became available.

557. DEA/6780-40

Le chargé d'affaires de l'ambassade aux États-Unis au secrétaire d'État aux Affaires extérieures

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

TELEGRAM WA-1798 Washington, October 15, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Our WA-1792 of October 14.

UNITED STATES TARIFF COMMISSION'S RECOMMENDATIONS ON BARLEY AND BARLEY MALT

We met with Corse at the State Department at noon today to let him know the Canadian reactions to the United States counter-proposal. Following the instructions we had received over the telephone from Mitchell Sharp, we began by saying that the Canadian authorities were grateful for the time and trouble that had been taken by officers of the United States Government in considering the Canadian representations. It had been hoped in Ottawa that if an absolute quota were to be established, it would be for 30 million bushels. However, if the proposal transmitted to us yesterday at the State Department was the best that the United States Government could do, the Canadian authorities were not inclined to make any further representations. In any case, they were grateful that it had proved possible for the United States Government to go some distance towards meeting the Canadian views. The Canadian Government would be prepared to give an undertaking that it would voluntarily restrict shipments of feed barley to the United States to 3 million bushels over the twelve month period beginning on October 1, 1954, and this undertaking would be embodied in a letter to the State Department.

2. Corse then told us that after meditating on what we had said yesterday concerning the proposed quantity of feed barley to enter the United States from Canada, the United States authorities had decided that the figure could be raised to 3.5 million bushels. In reply, we said that we felt sure that this amendment to the United States proposal would be received with satisfaction in Ottawa.

3. Gabriel Hauge will be seeing the President to discuss imports of barley either tomorrow or on Monday; and it is hoped that the United States release can be issued by Monday afternoon at the latest. According to present intentions, the United States release will take note of the unilateral restriction by Canada of shipments of feed barley. Corse has assured us that we will be shown the United States draft release in time to comment on it. Since it will not be easy to agree on what should be said in the United States release concerning Canadian action until the Canadian letter to the State Department is available, at least in draft, there is very

considerable urgency attached to the preparation of a letter. We understand that you are preparing a draft in Ottawa, and we will be glad to receive it as soon as possible.

DEA/6780-40

558.

Le chargé d'affaires de l'ambassade aux États-Unis au secrétaire d'État aux Affaires extérieures

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

TELEGRAM WA-1802 Washington, October 18, 1954

CONFIDENTIAL. MOST IMMEDIATE.

Reference: Your telegram EX-1895 of October 16.†

UNITED STATES TARIFF COMMISSION'S RECOMMENDATIONS ON BARLEY AND BARLEY MALT

Our immediately following telegram contains the text of the third person note we delivered to the State Department this morning. It had been cleared over the week-end by telephone with Mitchell Sharp. Our immediately following message also contains the text of the State Department's reply.

2. Both the Canadian and United States note will be issued as annexes to the United States press release announcing that the President has proclaimed restrictions on imports of barley under Section 22 of the Agricultural Adjustment Act. Hauge is seeing the President at 11:00 o'clock this morning on this matter; and it is expected that the release will be issued this afternoon at 4:00 p.m.[118]

3. The United States press release will include the following brief passage on the action being taken by Canada:

"Concurrently with the President's action, the Canadian Government, in an exchange of notes with the United States Government, has indicated that it will take voluntary action during the period of the proclamation to limit exports to this country of feed barley to 3.5 million bushels. Other Canadian exports within the Canadian share of the overall quota would consist of other kinds of barley including malting barley and barley malt."[119]

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[118] Voir/See United States, Department of State, *Bulletin*, Volume XXXI, No. 805, November 29, 1954, pp. 817-819.

[119] Au sujet des restrictions imposées par les États-Unis en agriculture, consulter également les documents 232-234./On the question of United States agricultural restrictions, see also Documents 232-234.

SECTION D

VOIE MARITIME DU SAINT-LAURENT
ST. LAWRENCE SEAWAY

559. PCO

Note du chef du Comité interministériel sur le projet du Saint-Laurent pour le Cabinet

Memorandum from Chairman, Interdepartmental Committee on St. Lawrence Project, to Cabinet

CABINET DOCUMENT NO. 17-54 [Ottawa], January 20, 1954

CONFIDENTIAL

ST. LAWRENCE SEAWAY; U.S. LEGISLATION

1. In his State of the Union address to Congress on January 7, 1954, President Eisenhower strongly supported the legislation now before the United States Congress to authorize U.S. participation in the construction of the St. Lawrence Seaway. There is every indication that this legislation has been given high priority by the Administration.

2. The principal bill before Congress is the Wiley bill which has now been reported to the Senate and placed on the Senate calendar for final reading in the amended form of bill No. S 2150. A similar bill in the House of Representatives, H.J. Res. 104 (the Dondero bill) has been considered by the House Committee on Public Works. Hearings have been held, but the Committee has not taken any decisive action.

3. On January 9, 1953,[120] the United States Ambassador was informed in a memorandum by the Prime Minister that the Canadian Government was "most reluctant to engage in any discussion which might delay the progress . . . of the plan now underway for the development of power in the International Rapids Section" but that "if the United States Government wishes to put forward a specific proposal differing from that put forward by the Canadian Government, for the construction of the Seaway in the International Section . . . the Canadian Government will be prepared to discuss such a proposal", on the understanding that such a proposal would not delay the development of power under arrangements agreed upon in the Exchange of Notes of June 30, 1952,[121] and in the expectation that such discussion would not "cause any serious delay in the completion of the whole Seaway". Although no specific proposal has yet been made by the U.S. Government it can be assumed, in the light of the President's recent State of the Union message, that the

[120] Voir/See Volume 19, Document 743.
[121] Voir Canada, *Recueil des traités*, 1952, N°. 30./See Canada, *Treaty Series*, 1952, No. 30.

Wiley bill, if and when it becomes law, will likely form the basis of any such proposal.

4. A vote on the Wiley bill is expected momentarily in the Senate but the Canadian Embassy at Washington reports that the Dondero bill is not likely to be passed by the House of Representatives during the present session of Congress. However, passage of the Wiley bill in the Senate by a fairly large majority and the strong support now given to this measure by the Administration might possibly provide the impetus required to enable the sponsors of the Dondero bill to get it through the House of Representatives. If this were to come about, it is clear that any representations the Canadian Government might wish to make would have to be made known, if they were to be effective, after passage of the Wiley bill in the Senate and before the Dondero bill gets through the House of Representatives. With this in mind, the Interdepartmental Committee on the St. Lawrence Project has examined the U.S. legislation to ascertain whether there were any points of substance on which the Canadian Government might usefully comment.

5. After examining the Canadian and the U.S. legislation, the Committee agreed that there was no serious conflict between the various provisions of the Wiley bill and of the St. Lawrence Seaway Authority Act and that the fundamentals of both were reconcilable. It should be noted that the Wiley bill does not envisage joint construction and operation of the St. Lawrence Seaway by Canada and the United States. Rather, the bill contemplates that each country will construct and operate its portion of the Seaway quite independently of one another, much in the same manner as the Welland Canal and the MacArthur Lock were constructed and are operated separately. The only really "joint" aspect of the resolution is the provision that tolls may be imposed jointly by agreement between the St. Lawrence Seaway Authority and the U.S. Corporation or unilaterally if agreement is not possible. There are a few minor points that might need to be ironed out, either in the American or in the Canadian Legislation, but these are not worrisome.

6. Because there are no practicable amendments that could be suggested to the Wiley bill and because, in any event, there appears to be nothing to prevent the United States or Canada from building the Seaway, or a portion thereof, entirely on their own and independently of one another, the Committee concluded that it would be inadvisable at this time for Canada to make any representations even though there are certain important ancillary matters which will have to be discussed if and when the Wiley bill becomes law. An additional consideration supporting this view is that comment by Canada at this time could scarcely be interpreted in the United States otherwise than as opposition by Canada to the proposal that the United States should build part of the Seaway. Such an interpretation might have undesirable results as regards litigation now before U.S. Courts on the St. Lawrence Power Development project. It is now expected that all litigation will have been disposed of finally before the U.S. Supreme Court adjourns for its summer recess on or about June 15th next. This might not happen, however, if the impression is created that Canada is attempting to obstruct U.S. construction of a portion of the Seaway and the U.S. Administration withdraws the vigorous support it has given to the New York State Power Authority and the Federal Power Commission before the Courts.

7. Notwithstanding that the various provisions of the Wiley bill and the Canadian Legislation are reconcilable in all important respects, there are several ancillary points of some considerable importance on which agreement will have to be reached if and when U.S. Legislation becomes a fait accompli. These are outlined hereunder:

(a) Both the Wiley bill and the St. Lawrence Seaway Authority Act envisage that tolls may be established internationally by some form of agreement, either between the two administering agencies or between the two governments, or unilaterally by each body. No matter which of these courses of action is eventually followed, serious problems are bound to arise because, if for no other reason, of the divergence of national interests in the various commodities that will be moving through the canals. Deadlocks may well arise if an attempt is made to establish tolls by international agreement. On the other hand, unilateral establishment of tolls on both sides of the border may result in substantially different Canadian and U.S. rates on the same commodities. If tolls are established internationally, presumably regard will also have to be had to the fact that Canada will have spent more on the Seaway between Lake Erie and Montreal than the United States. The most recent estimates on the cost of the all-Canadian Seaway, as furnished to the Committee by the Department of Transport on a confidential basis, are as follows:

Lachine Canal	$122,500,000.	(assuming that construction is independent of power development)
Soulanges Canal	47,100,000.	(does not include the $7.9 million Federal payment re common works)
Lake St. Francis	3,350,000.	
International Rapids Section	88,000,000.	(does not include the $15 million for channel enlargement)
Thousand Islands	2,000,000.	
Welland Canal	2,000,000.	
	$264,950,000.	

If the United States undertakes construction of the Seaway in the International Rapids Section and the Thousand Islands section, they will have spent approximately $90 million (U.S. and Canadian estimates are very close), as opposed to an overall Canadian capital outlay of at least $175 million. It should be noted, in this connection, that the Wiley bill provides that the proposed U.S. Corporation may borrow up to, but not in excess of $105 million.

(b) In committing itself to ensure uninterrupted 27 foot navigation between Lake Erie and Montreal, provided an acceptable power development project was undertaken in the International Rapids Section, the Canadian Government, in a Note of June 30, 1952, agreed that the St. Lawrence Seaway Authority would contribute $15 million towards certain channel enlargements to be undertaken by the power developing entities and which would be of particular benefit to navigation. If the canal in the International Rapids Section is constructed by the United States rather than Canada, it could be argued, with some logic, that the United States should pay the $15 million since the additional channel enlargement in the power pool will be a natural adjunct of the canal in the International Rapids Section. There is no provision, of course, for such a payment in the Wiley and Dondero bills.

(c) In the same Note of June 30, 1952, the Canadian Government further agreed that the cost of continuing 14 foot navigation on the Canadian side, as contem-

plated in the 1941 Agreement, would be excluded from the total costs to be divided between New York and Ontario in consideration of the fact that the all-Canadian Seaway would, in any event, replace 14 foot navigation in the International Rapids Section. If the deep waterway in this area is now to be on the U.S. side of the border, the question arises as to what should be done about the 14 foot canal. On the one hand, it would appear inadvisable to spend something of the order of $15 million to perpetuate an obsolescent mode of water transportation. On the other hand, the 14 foot canals may continue to serve a useful purpose for some years to come and, in any event, certain industries, particularly in the Cornwall area, may to some extent be dependent on the existing canal system. This question will obviously have to be threshed out in detail if the U.S. Government presents the approved Wiley bill as a specific proposal for Canada's consideration.[122]

R.B. BRYCE

560. DEA/1268-D-40

Le secrétaire d'État aux Affaires extérieures à la délégation à la Conférence sur la Corée à Genève

Secretary of State for External Affairs to Delegation to Geneva Conference on Korea

TELEGRAM EX-747 Ottawa, May 4, 1954

SECRET

ST. LAWRENCE PROJECT

Following for the Minister, Begins: The Wiley Bill has been scheduled for limited debate in the House of Representatives on May 5, and a vote will be taken the following day. Indications are that it will pass although agreed conference version may be delayed a week or longer.

2. The Interdepartmental Committee reviewed related problems on May 3. During the meeting strong reasons were developed by R.A.C. Henry, supported by General McNaughton and others, for proceeding with a wholly Canadian seaway regardless of what the United States may propose in the International Rapids Section. It was clear, of course, that the Prime Minister's undertaking of January 1953 still stood.

3. The gist of the argument, however, was that, from Lake Erie to Montreal and the sea, the waterway had been built traditionally by Canada. While Canada had formerly agreed to improve it internationally, it had since agreed to build the canals on the Canadian side of the International Rapids Section in return for a prompt joint development with the U.S.A. of the power phase. The 1941 Agreement[123] had

[122] Discuté par le Cabinet le 21 janvier 1954./Discussed by Cabinet, January 21, 1954.

[123] Voir Canada, *Correspondance et Documents relatifs à la Canalisation du Bassin des Grands Lacs et du Saint-Laurent 1938-1941*, Ottawa, Imprimeur du Roi, 1941, pp. 1-12.
See Canada, *Correspondence and Documents relating to the Great Lakes-St. Lawrence Basin Development 1938-1941*, Ottawa, King's Printer, 1941, pp. 1-10.

been laid to rest though the Prime Minister had agreed in 1953 to discuss any specific U.S. proposal different from the Canadian proposal which would not retard the power or seaway phases.[124] Now it seems (the argument goes) that under the guise of a 'joint' venture, our American friends want to build the canals on the U.S. side of the International Rapids Section. The cost might be $86 million to the U.S., while Canada will have built works — between Lake Erie to the mouth of the St. Lawrence — which at today's costs would amount to over $700 million. As a result, the U.S.A. would acquire an unwarranted unilateral control of the seaway for something more than a tenth of the total cost. In addition, tolls would not readily be agreed upon because of the fundamentally divergent interests (cf. the history of U.S.-Canada international freight rates which have not been agreed). Besides this, the U.S. desire for control of a small but vital section in this area by construction on the U.S. side of the rapids, would ensure the application of U.S. rules regarding defence and security measures to say nothing of commercial policy. The Committee came to no conclusion because of (a) the Prime Minister's assurance of 1953 whereby Canada must consider any specific proposal and (b) the matter of an all-Canadian seaway would, at all events, require Cabinet decision sometime later.

4. The Committee considered, in addition, that Cabinet would be unlikely to take a decision until after your return from Geneva. The Committee felt, however, that questions will doubtless be asked in the House on the action expected to be taken on May 6 in the House of Representatives. The Committee has suggested that the Prime Minister might answer such questions very cautiously by explaining the remaining legislative steps to be taken in the United States, emphasizing the urgent need for power in Ontario and referring only to the undertaking of January 9, 1953, to discuss a specific proposal once the power entities have been designated and authorized to proceed and provided that such discussions do not delay the development of the whole project. It is understood that it has been agreed that the Prime Minister will deal with any such questions as may arise and that the Cabinet directive that there be no discussions with United States officials concerning the navigation works should continue to be observed until the matter can be considered further, and, if possible, until the construction of the United States portion of the power project is assured by the conclusion of litigation. Ends.

561. DEA/1268-D-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-800 Washington, May 7, 1954

SECRET. IMMEDIATE.

Reference: Your teletype EX-747 of May 6 [sic].

[124] Voir/See Volume 19, Document 743.

ST. LAWRENCE PROJECT

Following for the Acting Under-Secretary from the Ambassador, Begins: Thank you for letting us see the telegram on this subject which you sent yesterday to the Minister in Geneva.

2. I was very disturbed by the report it contained that Mr. Henry and General McNaughton were now arguing that the Canadian Government should proceed "with a wholly Canadian seaway regardless of what the United States may propose in the International Rapids Section", since a clear corollary of this would seem to be that the government should refuse to negotiate with the United States authorities if they were to put forward a specific proposal based on the Wiley Bill. The consequences of any such decision on relations between the United States and Canada would, in my opinion be very serious. We had the distinct impression that there was informal agreement within the government that, if the Wiley Bill were approved by Congress without substantial amendment, Canada would be willing to enter into negotiations with the United States for the construction of a seaway in which some of the canals would be on the United States side and some on the Canadian side. If our impression was mistaken (and, frankly, I cannot see how this could be), I would urge that this matter be considered and resolved in Cabinet as soon as possible after the Minister returns from Geneva.

3. My reason for urging that consideration of this question be expedited is that I think events here may run very rapidly now that the crucial vote has been taken in Congress. Senator Ferguson (Rep.-Mich.) yesterday announced that he would move to have the bill as approved by the House of Representatives also approved by the Senate without a conference, and sent immediately to the President for signature. This is a not uncommon procedure in cases where the differences between the bills as passed by the two houses are slight; and it may well be adopted. In that event, the President might well be in a position to sign the bill early next week.

4. It would also be incautious, I think, to count on very much time elapsing between the moment when the President signs the bill and the moment when we are presented with a specific proposal. Some months ago, before there was the present embargo on discussions with United States authorities of the navigation side of the project, we learned informally from State Department officials that one procedure they were considering adopting, in the event the bill secured congressional approval, was to send us a very brief note to which the new law would be attached and which would request that Canada enter into negotiations for the construction of a seaway in which the United States would participate along the lines indicated in the measure just approved by Congress. Although such a proposal might not be so detailed as we would like, it would be perhaps as specific as the proposal for an all-Canadian seaway contained in the exchange of notes of the 30th of June, 1952. Accordingly, we must reckon with the possibility that we may be faced very shortly with a United States proposal.

5. On the issue of whether we should be prepared to negotiate with the United States on a proposal based on the bill as now approved by Congress, I am convinced (whatever one may think of the Wiley Bill) that there can now be only one decision. Canada cannot refuse such an invitation to negotiate without exposing

itself to charges of bad faith that would have far-reaching consequences for relations between the two countries. In our telegram No. 80 of January 16th† we referred to some of the events which have built up a strong presumption within the United States Government and in the public mind that we would be prepared to negotiate on the basis of the Wiley Bill if it were passed without substantial amendment. That presumption has been strengthened as more months have passed without any indication being given that the arrangements contemplated in the Wiley Bill would be unacceptable in Canada.

6. I appreciate that such a decision will cause keen regret in many quarters in Canada. Ever since Champlain labelled it on one of his maps "La grande rivière du Canada", the St. Lawrence has been, and has been considered, an essentially Canadian river; and, if recent events had turned out differently, there would have been wide satisfaction in the construction of an all-Canadian seaway. No doubt there is also validity in many of the arguments advanced by Mr. Henry and General McNaughton, and these will have to be borne in mind in our negotiations with the Americans, where, I have no doubt, our negotiators will defend Canadian interests stoutly. But I do think that our reputation in the United States would be gravely tarnished if we refused to enter into negotiations with the United States looking towards the completion of a seaway in which some of the canals would be on the United States side of the river and some on the Canadian side. Our reputation would also suffer, I think, if we did not make an honest effort, in the course of such negotiations, to work out co-operative arrangements with the Americans that would be both workable and fair.

7. I should be grateful if you would repeat this message to the Minister in Geneva.

562.

DEA/1268-D-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-826

Ottawa, May 14, 1954

SECRET

ST. LAWRENCE PROJECT

The following message has been received from the Minister in London. As this message refers to others which have not been referred outside the Department, it is being sent only to you and officers concerned in the Department. Message begins:

Quote: I have read Mr. Heeney's message in the above telegram and agree entirely with him that we cannot refuse an invitation to negotiate with the United States, on the basis of the Wiley Bill, without the most unfortunate consequences in relations between the two countries. Unquote. Message ends.

563. DEA/1268-D-40

Extrait du procès-verbal de la réunion du Comité interministériel sur le projet du Saint-Laurent

Extract from Minutes of Meeting of Interdepartmental Committee on St. Lawrence Project

SECRET Ottawa, June 11, 1954

Present:

Mr. R.B. Bryce, Secretary to the Cabinet, (Chairman),
Mr. R.A.C. Henry,
General A.G.L. McNaughton, Chairman, Canadian Section, I.J.C.,
Mr. R.A. MacKay, Acting Under-Secretary of State for External Affairs,
Mr. Paul Pelletier, Assistant Secretary to the Cabinet,
Mr. S.S. Reisman, Department of Finance,
Mr. G.W. Stead, Department of Finance,
Mr. D.S. Maxwell, Department of Justice,
Mr. T.M. Patterson, Dept. of Northern Affairs and National Resources,
Mr. C.M. Isbister, Department of Trade and Commerce,
Mr. H.A. Hadskis, Department of Trade and Commerce,
Mr. G.L. Matthews, Department of Transport,
Mr. G.G. MacLeod, Department of Transport,
Mr. J.L. MacCallum, International Joint Commission,
Mr. C.K. Hurst, International Joint Commission,
Mr. E.A. Côté, Department of External Affairs,
Mr. G.E. Cox, Department of External Affairs,
Mr. W.P. Chipman, Privy Council Office, (Secretary)

I. CANADIAN REPLY TO U.S. NOTE OF JUNE 7, 1954

1. *The Chairman* said that in a Note of June 7,[125] the United States Ambassador referred to the passage in Congress, and signing by the President on May 13, 1954, of the Wiley Bill creating the St. Lawrence Development Corporation, and suggested that as soon as convenient after the initial organization of the Corporation detailed discussions take place between representatives of the Canadian and United States governments on the planning and execution of the Seaway development in both countries. External Affairs had submitted to the Cabinet on June 10 alternative proposals for a reply to the US Note and, in the light of the Cabinet direction, a draft reply† (a copy of which had been circulated) had been prepared.

2. *Mr. Côté* said that three alternative proposals had been submitted to the Cabinet. The Canadian reply to the US Note might:

(a) welcome the information conveyed in the US Note and ask the United States government to put forward for discussion a specific and detailed proposal on the basis of its legislation for modification of the agreed arrangement for the construction of the Seaway, which formed a part of the agreement of June 30, 1952; or

(b) list the topics which might be discussed by representatives of both governments. These might include:

(i) proposals for the establishment and administration of a system of joint tolls;

(ii) arrangements for joint administration of the Seaway; and

(iii) such matters as assumption by the United States of responsibility for the two undertakings given by the Canadian government in the exchange of Notes of June 30, 1952, with respect to:

1. a contribution of $15 million by the St. Lawrence Seaway Authority to the power entities towards the cost of dredging in the International Rapids power pool; and

2. the abandonment of indemnification for the 14 foot navigation facilities to be destroyed by the power project; or

(c) acknowledge the US Note, welcome the information it contained and suggest a meeting of officials in Ottawa on, say, June 28, for which an agenda might be prepared through cooperation of the officials concerned on both sides.

The Cabinet had favoured alternative (c) and the draft reply had been prepared along these lines.

[125] Voir/See United States, Department of State, *Bulletin*, volume XXXI, No. 785, July 12, 1954, pp. 50-51.

The United States Minister in Ottawa had thought that July 15 might be the earliest that it could be expected that the St. Lawrence Seaway Development Corporation could be organized in its initial stages.

3. *Mr. MacKay* questioned the need of waiting for the appointment of an administrator. It seemed that policy matters could be settled without waiting for his appointment.

4. *The Chairman* said that even in inter-governmental negotiations there would have to be someone who could speak with authority for the Corporation. It would be useful if this person would continue to be identified with the Corporation.

5. *General McNaughton* pointed out that the President had vested in the Secretary of Defense the responsibility for any US portion of the Seaway.

6. *Mr. MacLeod* said that a Canadian willingness to negotiate would pre-suppose the joint construction of the Seaway.

7. *Mr. Henry* said that in his view there were no arguments favouring joint construction, and a number against it.

The United States wanted to take part in the Seaway for three reasons:

(a) the cost to them would be relatively small;

(b) they would obtain an equal voice in the control of the Seaway; and

(c) they would be a major user of the Seaway.

The argument for having the United States participate in the Seaway went back to the 1920's when, in discussions with them, it had been assumed that there would be equal sharing by both sides of the costs of the whole St. Lawrence-Great Lakes Waterway. This principle had been repeated in 1932 and in 1941 but in the meantime other changes had taken place and now, of course, United States participation would give them equal control on payment of roughly one-third of the costs of that portion of the Seaway between Lake Erie and Montreal.

United States estimates of tonnage using the Seaway and tolls which might be collected were considerably higher than Canadian estimates and it was likely that if the United States participated there would be interminable disputes.

In addition, the cost of a canal on the Canadian side of the International Section would certainly not be more — and quite possibly less — than the cost of a canal on the United States side. Taking the Seaway as a whole, it would seem most illogical to allow the canal to be built on the United States side for the saving to Canada of about $85 million.

In twenty years, it was likely that the capacity of the Seaway would have to be increased. This might involve expenditures of the order of $100 million on the Welland Canal and $40 million at Lachine. The question of tolls therefore would be a continuing one and future trouble would be avoided if the Seaway were all Canadian.

Lastly, it was his view that public opinion now favoured an all-Canadian Seaway rather than joint participation.

8. *Mr. MacKay* said that by exchange of Notes and the statement of the Prime Minister the Canadian government was firmly committed to discussing any reasonable proposal that the United States government might put forward provided, however, that no delay was caused thereby.

Since no Canadian government comment had been made when the Wiley Bill was before Congress, the US government would have very good reason to expect discussion. Their present Note was not a specific proposal but it appeared, however, that we were committed either to ask for a specific proposal or to enter into preliminary discussions as suggested in the Note.

9. *The Chairman* said that in a discussion with the United States, the first item might possibly be the question of who should build the International Rapids section of the Seaway.

10. *Mr. Henry* said it did not seem possible to avoid entering into discussion with the United States.

11. *Mr. Côté* pointed out that the Canadian government, while committed to considering any specific proposal which might be put forward by the United States government, was not in any way committed to the joint construction of the Seaway.

12. *The Chairman* said that since it appeared inevitable that discussions would be held, the question for Ministers to decide was whether or not — within certain limitations — the Seaway was to be all-Canadian. This question would have to be considered not only on the merits of the Seaway itself, but in the light of our relationships with the United States and their internal political situation.

13. *Mr. MacKay* said there would be serious repercussions if we were to choke off discussion with the United States by insisting at the outset that we build the section in the International Rapids.

14. *Mr. Côté* suggested that the first step might be to invite the United States to put forward a specific proposal. This proposal could then be analysed and Ministers asked to make their decision.

15. *The Chairman* said that if conditions which the United States put forward in their proposal were unacceptable to the Canadian government, we would be on firm ground in carrying out construction ourselves.

16. *General McNaughton* said that in his view any proposal put forward under the Wiley Bill would be unacceptable to Canada. It was a requirement of the Wiley Bill that the Project be self-liquidating, which would mean that the United States must receive priority in tolls. This we could not give them. There was also the question of replacement of the 14 foot navigation facilities on the Canadian side and the contribution of $15 million toward the cost of channel enlargement undertaken by the power entities. No provision had been made in the Wiley Bill for these expenditures and not enough money had been provided to both build the Seaway and meet these costs. It was his view that the reply to the United States Note should not give any indication of present Canadian thinking, but rather merely acknowledge their Note and ask for their specific proposal.

17. *The Chairman* said that if it were the case that conditions in any proposal made under the Wiley Bill would be unacceptable to Canada, then this should be explained to Ministers.

18. *General McNaughton* said that at this stage he did not envisage any discussions being held. It would first be necessary for the United States to submit a proposal.

19. *Mr. Henry* agreed with General McNaughton that a proposal made under the Wiley Bill would undoubtedly be unsatisfactory to Canada.

20. *Mr. MacKay* pointed out that it should be borne in mind that the power project had not finally been cleared in United States courts. Technically, there were still two weeks from the date of the Supreme Court decision for the Lake Ontario Land Development Company to ask for a re-hearing. The Supreme Court was not to reconvene until next September and it was conceivable that final disposition would not be made until that time. There was, therefore, the possibility that if we did not appear to be reasonable about the Seaway there might be a delay on the power issue.

21. *Mr. Henry* pointed out that representatives of the Hydro-Electric Power Commission of Ontario and the Power Authority of the State of New York had met on June 7 and agreed on a programme of construction. The New York State Power Authority had indicated that they could now obtain the financing required for their share of the project on the strength of the June 7th decision of the Supreme Court. One of the conditions of financing was that the necessary $300 million would be raised all at once. It could therefore be expected that by next autumn the Power Authority would have the whole amount necessary to finance the project.

22. *Mr. Isbister* pointed out that the drafters of the reply to the United States Note would find themselves in a difficult position, since it would be necessary to avoid giving the United States the wrong impression about Canadian open-mindedness on the Seaway and also to avoid tipping our hand about our current thinking.

23. *The Committee*, after further discussion, agreed that a memorandum be prepared for the Cabinet recommending that the reply to the United States Note of June 7, 1954, after a preamble re-affirming the arrangements agreed to in the exchange of Notes of June 30, 1952, state that it was assumed by the Canadian government that the United States Note indicated their intention of preparing a specific proposal and that Canada would be prepared to consider this proposal pro-

vided no delay was thereby occasioned; and also thank the United States administration for its energetic cooperation in furthering the power project in the United States.

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564. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], June 14, 1954

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ST. LAWRENCE SEAWAY PROJECT; U.S. PROPOSAL FOR PARTICIPATION

7. *The Secretary of State for External Affairs*, referring to discussion at the meeting of June 10th, reported that the Canadian officials who had been considering the situation arising out of the Note of June 7th from the Ambassador of the U.S. in Canada on the St. Lawrence Seaway, had come to the conclusion that it would be desirable not to hold a meeting with American officials until the U.S. government produced a specific proposal to participate in construction of the Seaway. He felt that, unless Canada gave a clear indication of a genuine wish to co-operate with the U.S., much harm could be done.

8. *In the course of discussion*, the following points emerged:

(a) There were cogent reasons why it would be desirable for the U.S. to come forward with a specific proposal. If this were not done early in the discussions, there was a danger of losing the tactical advantage enjoyed by Canada in having left the next move clearly up to the United States;

(b) On the other hand, Canada had to proceed on good faith in these discussions. It would be desirable to hold a meeting and explain our present position and ask the U.S. authorities what they proposed to do. Detailed proposals could then be considered and, if they were not suitable, they could be rejected by Canada for good reasons.

9. *The Cabinet* noted the report of the Secretary of State for External Affairs regarding possible discussions between representatives from the United States and Canada concerning U.S. participation in the construction and operation of the St. Lawrence Seaway project, and re-affirmed its decision that, in reply to the Note received from the U.S. Ambassador in Canada, the Secretary of State for External Affairs suggest that a meeting of officials take place at an early date in Ottawa for the purpose of reaching agreement on an agenda and procedure for subsequent discussions.

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565. DEA/1268-D-40

Note du chef de la Direction de l'Amérique pour le sous-secrétaire d'État par intérim aux Affaires extérieures

Memorandum from Head, American Division, to Acting Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], June 16, 1954

ST. LAWRENCE SEAWAY: U.S. PARTICIPATION
RECORD OF CONVERSATION WITH THE UNITED STATES MINISTER

The Acting Under-Secretary today handed Note No. 155, dated June 16, to Mr. Don Bliss of the United States Embassy.[126] In discussing the Note, Mr. Bliss seemed to be at a loss in understanding the implications of the reference in it to the arrangements for the construction of the seaway expressed in the Exchange of Notes of June 30, 1952. As he has not really studied these Notes, copies of them were also supplied and it was emphasized that they constituted an Agreement covering the seaway which the United States was now preparing to modify.

2. Mr. Bliss indicated that it was the view of the United States Government that the Wiley Act, a copy of which had been formally communicated to the Canadian Government, in itself constituted a proposal by the United States for joint development of the St. Lawrence Seaway. He added that he considered that this proposal reverted to a limited extent to the Great Lakes-St. Lawrence Basin Agreement of 1941 although he later said that this was only true to the extent that the physical dimensions of the works authorized by the legislation were the same as those contemplated in the 1941 Agreement. (It would appear that it would not be fruitful to pursue this aspect of the subject further.)

3. When it was pointed out to Mr. Bliss that the only existing arrangements agreed upon by both countries for the construction of the St. Lawrence Seaway were those embodied in the Exchange of Notes of June 30, 1952, and that these Notes constituted an agreement to that effect, he asked if the Canadian Government intended to stand on that agreement and to insist that its terms be carried out. He was reminded that the Prime Minister, in his memorandum of January 9, 1953, to the United States Ambassador and in his statement on May 6, 1954, in the House of Commons, had stated that the Canadian Government was prepared to discuss any specific proposal for modifying that arrangement. On the other hand, any such proposal would have to take into account the provisions of the existing arrangement and in that sense it was necessary to start from that position. It was for this reason that the attention of the United States Government has been drawn to that Agreement.

4. Mr. Bliss said that the United States Government's proposal was necessarily limited by the terms of the Wiley Act and that it obviously could not go beyond those terms. He questioned whether a meeting of officials would be useful prior to a decision by the Canadian Government as to whether the United States proposal as

[126] Voir/See United States, Department of State, *Bulletin*, Volume XXXI, No. 785, July 12, 1954, p. 51.

limited by the Wiley Act would be acceptable. He remarked that it was one thing to enter into discussions and quite another to have discussions which were intended to be abortive. Immediate exception was taken to this point by referring to the Canadian Government's commitment to discuss arrangements for United States construction of a part of the seaway when a specific proposal was put forward which would delay neither the power project nor the seaway. That alone was a clear indication that a decision had been reached to work out arrangements for United States construction of part of the seaway but it was also clear that these arrangements must take into account the arrangements under which the power project was being constructed. Two important details of these arrangements were covered in the Exchange of Notes of June 30, 1952, and those arrangements were also, in turn, taken into account in the Order of Approval of the International Joint Commission dated October 29, 1952. Moreover, the United States Note refers to "certain conditions" and the Wiley Act mentions "assurances satisfactory to" the Corporation. It could not be expected that final agreement would be reached on arrangements to modify existing plans for the construction of the seaway until the United States proposal was clarified to the extent that all essential features of both seaway and power projects were provided for, that such provision would not entail undue delay to either project and that the conditions and assurances required of the Canadian Government would be acceptable to it.

5. Mr. Bliss raised the question of the level of representation of the two countries at the proposed discussions by officials. He was told that we were thinking in terms of representatives from each of the Departments of External Affairs, Transport and Finance and from the Privy Council Office and that representation would probably be at the Assistant Under-Secretary and Head of Division level. Mr. Bliss suggested that Mr. Horsey might come from Washington but that he doubted whether Mr. Livingston Merchant could also come.

6. With regard to the appointment of an Administrator of the United States Corporation, it was explained that this was a matter for the United States Government to decide and that, while we recognized that the situation in the United States was somewhat different to that in Canada, we did not expect that it would be necessary for officers of the St. Lawrence Seaway Authority to be associated with the discussions and, in any case, certainly not with the preliminary discussion at the official level.

7. The question of publicity was also raised and Mr. Bliss commented that the United States Government would not have any reason to urge publicity at this stage. He was reminded, however, that public reference had already been made to the United States Note and that questions would undoubtedly arise very soon in the Canadian Parliament. When Parliament was sitting, it was customary to inform Parliament first by tabling papers of this sort and that we would like to reach agreement with the United States Government in advance on the timing and manner of

any release of the Notes. He undertook to discuss this aspect of the matter with the State Department and to let us know the outcome.[127]

E.A. CÔTÉ

566. DEA/1268-D-40

Note du chef de la Direction de l'Amérique pour le sous-secrétaire d'État par intérim aux Affaires extérieures

Memorandum from Head, American Division, to Acting Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], June 17, 1954

ST. LAWRENCE SEAWAY

In anticipation of discussions which may be held at Cabinet level between the United States and Canada on the subject of United States participation in the St. Lawrence seaway, it might be useful to try to assess as many as possible of the factors which will have a bearing on the negotiations.

United States Attitude

2. One of the great legislative achievements of the Eisenhower Administration (in its own eyes and in the public mind) is the statesman-like piece of legislation known as the Wiley Act which provides (as has been often said) that the United States may now "join" Canada in the construction of the St. Lawrence seaway. In the public eye, this is an historic joining of forces of both countries which, by tradition and better than most countries, know how to get along. In the face of selfish regional interests, the Eisenhower Administration has been able — where so many others have failed — to bring about a "joint" development of the seaway. In fact, the United States public probably does not understand why the Seaway project is not under way! Much less will it understand why negotiations are required with Canada in order to carry out what Congress has so clearly told the Administration should be done on United States soil. From a domestic political viewpoint, the Seaway may loom large in the November, 1954 elections.

Canadian Attitude

3. After so much talk of "Canada going it alone", the public may have felt a bit of an anti-climax since Canada could not now flex its own muscles without the United States "muscling in" at the last moment. The Canadian public, however, may perhaps sense that "joint" construction is inevitable but, if it were possible, it might be useful to build the seaway alone.

International Arrangements

4. The only Agreement on the St. Lawrence Power and Seaway Projects now in force between both countries is the one embodied in the Exchange of Notes of June

[127] Note marginale :/Marginal note:
OK R.A. M[acKay]

30, 1952 (copy attached). This Agreement provides for the separation of the power and seaway phases in the following manner:

(a) Canada and the United States to arrange for the speedy construction of the power project in the International Rapids Section of the St. Lawrence River;

(b) Predicated on the construction and maintenance of the power project, Canada will build the 27-foot seaway between Lake Erie and the Port of Montreal;

(c) Canada is prepared to exclude from the cost of the power project the amount to be paid to Canada as indemnity for the 14-foot canal;

(d) Canada to contribute $15 million towards the cost of channel enlargements.

5. The United States Administration has been most punctilious and, indeed, more than cooperative in removing the obstacles in the way of the power development. Altogether apart from any desire to fulfil the Agreement, I expect that the motivation of self-interest from a power viewpoint and with an eye to possible negotiations on the Seaway project may not have been entirely absent from the mind of United States officials. In this connection, the Prime Minister indicated on January 9, 1953 (and later on May 6, 1954) that the Government was reluctant to enter into any talks which might delay the power project. The Prime Minister undertook, however, once a United States entity had been "designated and authorized" to do the United States share of the power works, to "discuss" any specific proposal the United States might put forward which differed from the Canadian Government's proposal on the Seaway. The condition attached was twofold: there should be no delay in the power development and no "serious" delay in the completion of the "whole seaway".

6. The United States Ambassador requested on June 7, 1954 that discussions take place between representatives of both governments on "the planning and execution of the Seaway development in both countries". On June 16, 1954 the Canadian Government suggested official talks in Ottawa during the week of June 28, 1954 to prepare a list of topics for subsequent inter-governmental talks. At the same time, the Canadian Government pointed to the June 30, 1952 Agreement and to the Prime Minister's statements of January 9, 1953 and of May 6, 1954.

The Problem

7. The problem is: How far should Canada go in modifying the June 30, 1952 Agreement in so far as the Seaway project is concerned? This can only be ascertained by examining, in some detail, various aspects of the seaway project as it now stands and by looking at the short- and long-term effects of any change agreed by Canada and the United States. This phase of the study is predicated on the desirability of reaching agreement: the number of obstacles in the way of such agreement is not inconsiderable but the way around the obstacles cannot be ascertained until they have been measured as accurately as possible.

I. POINTS TO BE TAKEN INTO ACCOUNT IN MODIFYING THE JUNE 30, 1952 AGREEMENT IN SO FAR AS THE SEAWAY PROJECT IS CONCERNED

8. There can be no question, of course, of modifying (otherwise than accessorily) the power aspect of the June 30, 1952 Agreement (hereafter called the Agreement): the construction of the seaway in the International Rapids Section of the St. Law-

rence, (whether on the Canadian or United States side) is predicated on the power project now approved by the International Joint Commission. Any amendment of the Agreement, however, regarding the $15 million contribution to the cost of channel enlargement or the indemnity for the 14-foot canal will almost certainly require an amendment to Appendix C of the I.J.C. Order of October 29, 1952. This should present no insuperable difficulty if both governments agree on the substance of the points involved.

A. $15 million contribution by Canada to channel enlargements

9. The Agreement embodies an undertaking by Canada that the Canadian Seaway Authority shall contribute $15 million to the power-developing entities towards the cost of channel enlargements at the upper end of the project between Chimney Point and Morrisburg, that is *before* Iroquois dam and *below* that dam in the power pool. The total cost of these enlargements (which are of value both to the power and navigation projects) might be $30 million. Because Canada was taking on the navigation part of the Project, it was agreed by the Canadian and United States governments that about half the cost, $15 million, would be contributed to the power-developing entities by Canada. As a result of this and although no agreement subsequent to 1951 exists between Canada and the power-developing entities, this undertaking was made a part of the International Joint Commission Order of October 29, 1952. Should Canada and the United States agree that this amount shall be borne by the power entities (as is the responsibility of at least the Canadian entity under the International Rapids Power Development Agreement entered into between Canada and Ontario on December 3, 1951) it is fairly obvious that the power entities would jointly or individually oppose any change in the I.J.C. Order which would add $15 million to their present costs as fixed by this Order. The solution would be either for the United States or Canada to assume these costs. If the United States assumes these costs, a guarantee to this effect should be contained in any modifications of the Agreement. If this proves impossible or impolitic, Canada may wish still to bear the cost on the understanding that this sum shall be comprised in the total amount to be amortized by the tolls.

B. Compensation for 14-foot canal

10. Article VIII of the Boundary Waters Treaty of 1909 gives priority to navigation over power uses of boundary waters. The International Rapids Power Development Agreement of December 3, 1951 between Canada and Ontario provides that:

(a) Ontario shall provide the necessary works to permit the continuance of 14-foot navigation on the Canadian side around Iroquois and above the Long-Sault dam to connect with the Cornwall canal.

(b) Canada is obliged to compensate Ontario for any lands belonging to Ontario and taken for a *deep* waterway. (This may involve, in fact, a relatively small amount of land principally in the upper reaches of the pool.)

(c) If, however, the construction by Canada of a *deep* waterway rendered unnecessary the 14-foot canal, Ontario would pay part of the cost equivalent to what would have been required to keep the 14-foot canal in operation.

The 1952 Agreement, however, provides that the amount to be paid by Ontario under the Agreement of December 3, 1951, shall be *excluded* from the power costs divisible between the power entities because the replacement of the 14-foot canal would be rendered unnecessary by the construction by *Canada* of the deep waterway almost atop of the 14-foot canal. This arrangement is also embodied in the I.J.C. Order of October 29, 1952.

11. In sum, if the Ontario *power* entity destroys Canada's 14-foot navigation canals, some compensation must be paid by Ontario. Because, however, the 27-foot seaway was to be built over the 14-foot canals, Canada could now hardly object to this part of the I.J.C. Order which excludes this amount from the total cost of the power project to be divided between the power entities. Any attempt by Canada or the United States to get the power entities to compensate Canada would be resisted by the entities before the International Joint Commission: they have a vested interest now in keeping their costs down to the amount already fixed by the international authority.

12. The solution lies in having the United States or Canada bear the cost of compensation for the destruction of the 14-foot canal. If Canada were to bear the cost, this amount should be included in the amount to be amortized out of tolls. If the United States is to bear the cost, the question of a guarantee of payment (with its inherent difficulties) arises.

C. Continuation of 14-foot canal

13. The Great Lakes-St. Lawrence Basin Agreement of 1941 between Canada and the United States provided that one of the main features of the Controlled Single Stage Project (238-242) should be works necessary to permit the continuance of 14-foot navigation on the Canadian side around the Iroquois and Long-Sault dams to connect with the Cornwall Canal. Later in 1952, Canada was prepared to abandon the 14-foot canal when the Agreement was reached which provided that the 27-foot canal would, in effect, sit stop the old 14-foot canal. Does Canada wish to give up the 14-foot canal entirely if the 27-foot canal is built in United States territory? In any case, should there be assurances given that Canadian ships using the U.S. canals will *not* be subject to United States laws relating to United States economic, commercial or security policies? If these assurances are not forthcoming, Canada should ascertain if it should keep the 14-foot canal or build 27-foot canals on the Canadian side following its traditional policy in having its own navigation link between Upper and Lower Canada. The continuation of the 14-foot canal raises the question of the perpetuation of the uneconomic canallers and of the tolls which should be applied to canallers which use part of the seaway presumably on a toll-free basis. The continuation of a 14-foot canal in competition with the 27-foot seaway in a manner which would affect, to a degree, the ability of the United States to amortize its part of the seaway, is a matter which will not be overlooked.

II. DISCUSSION OF PROBLEMS TO BE MET ASSUMING AN UNDERSTANDING IS REACHED TO MODIFY THE JUNE 30, 1952 AGREEMENT

14. In so far as Canadian shipping is concerned, it should be free to use the International Rapids deep waterway — when going through the United States locks and

canals — as though it were going through Canadian waters. The Treaties of 1870 (Washington) and 1909 (Boundary Waters) provide, broadly, that British and American shipping using the St. Lawrence to the head of the Great Lakes shall have freedom of navigation. This does *not* exclude shipping from having to comply with the laws and regulations of the country through which the shipping travels. Should there not be (if Canada does not continue the 14-foot canal) an understanding — embodied in an effective instrument of agreement between Canada and the United States — whereby, in the "Wiley" locks and canals, Canadian shipping shall not be subject to United States economic, commercial or security legislation?

15. Assuming that an international understanding is reached on such matters as the compensation for the 14-foot canal and for the $15 million dredging, and assuming that no guarantee of payment is forthcoming from the United States, it may prove essential to have these sums incorporated in the amount to be amortized out of toll revenues. It will then become important to have a joint agreement on tolls which will include a division of revenues (possibly on a basis of 25/35 ths. to Canada, i.e. based on the total investment (including compensation payable to Canada) of possibly $250 million by Canada to $105 million by the U.S.A.). This, of course, makes the *joint* fixing of *tolls* a condition *sine qua non*. If there is to be a joint apportionment of revenues, the tolls must be jointly collected. The tolls and apportionment of revenues, under these circumstances, would require to be fixed, presumably by international agreement as well, possibly, as by agreement between the two St. Lawrence agencies.

16. Under the Wiley Act, funds may be provided only for works designated as "works solely for navigation" in the joint report of 1941. Assuming the United States is prepared to compensate Canada for the $15 million involved in dredging, it is doubtful that this could be done under the Wiley Act because these works are not "solely for navigation" but are works which are "common to navigation and power". For the same reason, funds to compensate Canada for the destruction of the 14-foot canal could probably not be provided under the Wiley Act.

17. The Canadian St. Lawrence Seaway Authority Act may require to be amended as to Section 17. That section provides that tolls may be established unilaterally or "by agreement between Canada and the United States". The Wiley Act foresees only an agreement between the agencies — i.e. the United States Corporation and the Canadian Seaway Authority — and not an inter-governmental agreement.

18. Prior to the discussions with the United States representatives, Canada should presumably obtain some information as to the United States (and Canada's) own dredging prpgrammes in the Upper Great Lakes. The cost involved will be a matter of something of the order of $100 million dollars. Unless this dredging programme is completed by both countries concurrently with the completion of deep-waterway, access to Lake Huron may be denied and a large part of the usefulness of the Seaway may then be lost. In fact, this may be a most critical point on which Canada and the United States may each wish to have assurances.

III. CONCLUSIONS

19. Assuming both parties wish to modify the Agreement, the modification should be embodied at least in an "Executive Agreement" or Exchange of Notes though I suspect a Treaty for action by the Senate may be required if guarantees affecting a monetary compensation or future United States action in the fields of economic or security policy are required. Since any such Exchange of Notes or Treaty would be contrary to the sense of Congress, as expressed in the debates on the Wiley Act, there is little or no chance of such an agreement being acceptable to the United States government.

20. In that case the only practical alternative to treaty procedure would be by Exchange of Notes whereby the United States agreed that Canada should claim compensation out of the toll revenues. A further international agreement would then be required to fix the tolls and the apportionment of revenues. Canada would have to take some other action (such as continuation of a 14-foot canal system or the construction of 27-foot canals on the Canadian side) if it wished to assure itself a measure of independence on the International Rapids section regarding economic, commercial or security policy.

21. Consequential amendments would be required to the International Joint Commission's Order of October 29, 1952 and possibly to the Canadian St. Lawrence Seaway Authority Act.

22. Apart from the legislative aspect, it does not seem that the conclusion of negotiations should retard the construction of either the power and seaway projects, provided always that Congressional approval is not required.

General Comment

23. This paper is intended as a brief outline of some of the problems which will arise in the forthcoming discussions on the Seaway. It also shows in what directions some solutions lie. No attempt has been made to examine what might be Canada's future policy in this field: for example, matters affecting Canada's future industrial interests as conditioned by the Canadian or United States Seaway, or, indeed, those matters affecting Canada's future position when it becomes necessary to double the present seaway capacity, have not been considered here. They will doubtless be considered at the political level before final decisions are made.

23. Lastly, this paper lacks the detailed guidance which will be subsequently available in the fields of economics, transport, law and international trade.[128]

E.A. CÔTÉ

[128] Note marginale :/Marginal note:
The Minister to see. This Memo is I think very worth reading. R.A. M[acKay]

567. DEA/1268-D-40

Procès-verbal de la réunion du Comité interministériel sur le projet du Saint-Laurent

Minutes of Meeting of Interdepartmental Committee on St. Lawrence Project

SECRET Ottawa, June 23, 1954

Present:

Mr. R.B. Bryce, Secretary to the Cabinet, (Chairman),
Mr. R.A.C. Henry,
Mr. C.W. West, Deputy Minister of Transport,
General A.G.L. McNaughton, Chairman, Canadian Section, I.J.C.,
Mr. R.A. MacKay, Acting Under-Secretary of State for External Affairs,
Mr. M.W. Sharp, Associate Deputy Minister of Trade and Commerce,
Mr. J.J. Deutsch, Assistant Deputy Minister of Finance,
Mr. Paul Pelletier, Assistant Secretary to the Cabinet,
Mr. M.H. Wershof, Acting Asst. Under-Secretary of State for External Affairs,
Mr. D.S. Maxwell, Department of Justice,
Mr. T.M. Patterson, Dept. of Northern Affairs and National Resources,
Mr. G.L. Matthews, Department of Transport,
Mr. G.G. MacLeod, Department of Transport,
Mr. C.K. Hurst, International Joint Commission,
Mr. E.A. Côté, Department of External Affairs,
Mr. G.E. Cox, Department of External Affairs,
Mr. H.A. Hadskis, Department of Trade and Commerce,
Mr. J.F. Parkinson, Department of Finance,
Mr. G.W. Stead, Department of Finance,
Mr. W.P. Chipman, Privy Council Office, (Secretary)

I. REPORT OF RECENT GOVERNMENT DECISIONS

1. *The Chairman* said that following the June 11 meeting of the Committee, the question of the Canadian reply to the US Note of June 7 had, on June 14, been reconsidered in the Cabinet and their earlier decision of June 10 reaffirmed. A Canadian Note in reply was therefore presented on June 16, suggesting that discussions at the official level be held in Ottawa in the week of June 28, for the purpose of preparing an agenda for subsequent intergovernmental discussions.

The US Note and the Canadian reply had been tabled that morning in the House of Commons by Mr. Pearson.

2. *The Committee* noted the Chairman's report.

II. MEETING OF OFFICIALS IN PREPARATION FOR INTERGOVERNMENTAL MEETING

Time and Place; Officials Attending; Instructions for Canadian Team

3. *Mr. Wershof* said the State Department had indicated a preference for a meeting during the week of July 5, rather than June 25 as first suggested, and had been told that Monday, July 5, might be the most suitable date. The meetings could be held in the External Affairs Conference Room.

4. *Mr. Côté* said it was expected that the American officials attending the meeting would be:

Livingstone Merchant and Outbridge Horsey of the State Department;
Robert B. Anderson, Deputy Secretary of Defense;
An Officer (possibly Mr. Yingling or Mr. English) of the Legal Office of the State Department; and
General Robinson of the Army Corps of Engineers.

5. *The Chairman* said the Cabinet had agreed that the Canadian officials attending the meeting should be the Secretary to the Cabinet (Chairman); Mr. R.A.C. Henry; Mr. M.H. Wershof; Mr. Paul Pelletier (Secretary); and, in addition, one representative each of Transport, External Affairs and Finance. It was desired to limit the numbers on the Canadian side, although others might be called upon if specially required.

The government had not issued any instructions to the Canadian side and it was understood that they would not come to any decision about the Seaway until after the official meeting — and possibly after the intergovernmental meetings.

6. *Mr. Sharp* asked if the visit on July 6 of the Secretary of Defense had any connection with the Seaway meetings.

7. *Mr. MacKay* said that Mr. Wilson's visit had been arranged for other purposes although, of course, the Seaway question might be raised informally.

8. *The Committee:*

(a) noted the expressed composition of the Canadian and US teams; and

(b) agreed that every effort should be made to hold the meeting on Monday, July 5.

Subjects for Discussion

Agenda

9. *The Chairman* said that the task of the official meeting would be to prepare an agenda for the ensuing intergovernmental meeting. It might be assumed that there would be some discussion on the various subjects which would be placed on the agenda for the Ministers' meeting.

10. *Mr. MacKay* said that unless it was wished to run the risk of giving to the United States an impression of bad faith on the part of Canada, officials at the July 5 meeting would have to be reasonably frank in discussing the various points which arose.

11. *Mr. Wershof* said that External Affairs had prepared a first outline of an agenda† (copies of which were circulated) for the intergovernmental meeting, which might be discussed at the official meeting.

12. *Mr. Henry* said that at the official meeting the US side should be asked for their interpretation of the Wiley Act. The Canadian side should endeavour to find out the US line of approach before giving away their own position.

13. *Mr. MacKay* agreed that an effort should be made to ascertain US views before Canadian cards were placed on the table.

14. *The Chairman* said that the opening tactic might be to ask US officials their interpretation of the Wiley Act and what specific proposal they might make under it.

The meeting would, however, undoubtedly end up by discussing the subjects listed as agenda items for the intergovernmental meeting and the US side would, with reason, expect the Canadian side to tell them their views on the different points.

15. *Mr. Henry* pointed out that the relationship of any US proposal to the I.J.C Order of Approval should be included in the topics for discussion.

16. *Mr. Pelletier* suggested that in the External Affairs draft agenda items 3 and 4 be consolidated in order to get away from the assumption that any US proposal might be satisfactory provided agreement was reached on the various points listed under item 3.

17. *Mr. Stead* asked if there should be agreement on ancillary items that could properly be included with the navigation works and the cost of which would be recouped from tolls.

18. *Mr. Henry* said that the relevant Act in each country specified the items which could be capitalized.

19. *Mr. Matthews* pointed out that the official meeting might wish to consider the movement of foreign — as well as Canadian — vessels in canals on the US side.

20. *The Chairman* said it was assumed that the Canadian government would not be prepared to give an undertaking that if the International Rapids Section were built on the US side duplicate facilities would not be constructed on the Canadian side. The question of the intention of the Canadian government, if it should be raised, might best be answered, in the light of the trend of discussion, at the conclusion of the meeting.

21. *The Committee*, after further discussion:

(a) noted the remarks on the probable course of development of the official meeting; and

(b) agreed that the Department of External Affairs draft agenda, amended in the light of the discussion, might be put forward by the Canadian side some time during the course of the meeting with US officials.

Movement of Canadian and Foreign Vessels in Canals on the US side

22. *General McNaughton* said that undoubtedly Canada would require assurance that ships or personnel consigned to Canadian ports and properly cleared in accordance with Canadian law would not be hindered in any US sector. The security aspect was one of considerable importance. The United States might try to enforce a drastic regulation — such as their current proposal to search foreign ships on the high seas. We would of course wish to avoid the consequences of any similar sort of unilateral action. A requirement might possibly be made that any contemplated action might first be reviewed in the Permanent Joint Board on Defence.

23. *Mr. MacLeod* agreed that there was a need for some sort of assurance on this point. Canada was much more dependent on foreign shipping than was the United States.

24. *Mr. MacKay* said the purpose of the meeting was to ascertain the US viewpoint. This sort of question might be raised, but it would be for the intergovernmental meeting to decide on the adequacy of the US position.

25. *Mr. Henry* said that the United States would undoubtedly regard the question of the use of the Seaway by foreign vessels as one of considerable importance.

26. *The Chairman* pointed out that the real question appeared to be whether Canada would wish for more in the way of assurances than was already provided in The Boundary Waters Treaty. The inclination might be to ask for more, but this would probably be hard to justify.

27. *Mr. Wershof* suggested that the Canadian side might ask for an undertaking that not only would equal treatment be extended on both sides but, in addition, that either government, before imposing any regulations having a bearing on the other's shipping, would provide an opportunity for consultation.

28. *Mr. Deutsch* asked if it would be open for Canada to take retaliatory action in the event of the United States imposing unpalatable restrictions.

29. *General McNaughton* said it would be difficult to do so because of the provisions of The Boundary Waters Treaty.

30. *The Chairman* said that a related point was that of the possibility of imposing restrictions for commercial reasons, such as outlined in the Potter Bill, on foreign shipping in the Great Lakes.

31. *General McNaughton* said that support for such restrictions was increasing in the United States. In US law, an act of Congress could modify the terms of an earlier treaty as it applied to US territory — hence The Boundary Waters Treaty could be modified as it applied to US territory by an act such as the Potter Bill.

It was of interest, however, that the Dutch and the Norwegians were both designing special types of ships which could be used both in the North Atlantic and the St. Lawrence-Great Lakes.

32. *Mr. MacLeod* pointed out that the Canadian interest in Great Lakes shipping was not a simple one. For instance, in order that the locks on the system be utilized at their optimum efficiency, it would be necessary that ships with more cargo capacity than ocean-lakers should use them.

33. *The Committee*, after further discussion, agreed that Trade and Commerce, in consultation with External Affairs, Transport and Finance, prepare a memorandum — if possible, by Wednesday, June 30 — dealing with conditions relating to the use of a canal on the United States side by Canadian and foreign vessels.

Contribution of $15 million to the Power Entities toward additional dredging in the Power Pool

34. *The Chairman* said that in the exchange of Notes of June 30, 1952, Canada had agreed that a contribution of $15 million would be made to the power entities toward the cost of canal enlargement which they must undertake in the St. Lawrence River. The I.J.C. Order of Approval required Canada to pay an agreed amount for the same purpose. In neither the exchange of Notes nor the Order of Approval was it explicit but, in both, it appeared implicit that such payment was conditional upon the Seaway being built entirely in Canada.

35. *Mr. Henry* said that the power authorities considered it an obligation that $15 million be paid to them.

36. *The Chairman* said that if the International Rapids Section was built on the US side, the obligation should logically rest with the United States. Would it require a change in the Order of Approval to place the responsibility upon them?

37. *General McNaughton* pointed out that the Orders of Approval was generally favourable to Canada and efforts on the US side to have it reconsidered had been resisted. If an application for a change were to be made, it would be difficult to avoid opening up the whole Order for reconsideration. Another factor to be considered was that a number of court actions had been carried through with the Order in its present form. If it were to be changed, there would be an additional risk from this quarter.

38. *Mr. Matthews* pointed out that, if Canada paid $15 million, recovery would eventually be made through tolls.

39. *Mr. Pelletier* said that this would have the effect of increasing the Canadian and decreasing the US toll rates.

40. *Mr. Wershof* pointed out that no provision was made in the Wiley Act for the payment of $15 million to the power entities.

41. *General McNaughton* said he did not think that it would be too great a problem for the US authorities to find $15 million if they agreed to making the payment. The Rivers and Harbours Appropriation Act could, if necessary, be used as authority.

42. *Mr. Henry* pointed out that the US government had insisted on Canada assuming the responsibility for the $15 million in the I.J.C. application.

43. *Mr. MacKay* said he did not think the United States would consider disagreement over the payment of $15 million as sufficient cause for breaking off negotiations.

44. *Mr. Deutsch* agreed that the question of the payment of $15 million would not form an ultimate stumbling block. It might, however, be an important factor if linked with other sources of disagreement.

45. *The Chairman* said that, in negotiations with the United States side, our position would be strengthened by dwelling on their original insistence that the payment be made by the country building the section in the International Rapids.

46. *The Committee* agreed that a memorandum be prepared — if possible, by Wednesday, June 30 — by the Privy Council Office on the question of the payment to the power entities of $15 million towards the cost of additional dredging in the power pool.

Continuance of 14-foot Navigation Facilities on the Canadian Side

47. *The Chairman* said that in the agreement between Canada and Ontario, it was provided that Ontario would indemnify the Canadian government for the 14-foot navigation facilities which would be destroyed by the power project. The exchange of Notes of June 30, 1952, however, excluded from the total cost of the power project to be divided between the two power entities, the amount to be paid to

Canada by Ontario in lieu of construction by the power entities of the facilities required for the continuance of the 14-foot navigation, since this would be unnecessary if the deep waterway were in Canada. The I.J.C. Order of Approval required only that the 14-foot navigation facilities be continued during the period of construction of the deep waterway.

The situation with respect to the 14-foot facilities if the canal were to be built on the US side was not clear.

48. *Mr. MacLeod* said that one of the first points requiring decision was whether or not the 14-foot facilities should be continued. A realistic view might suggest that these was no need for them. On the other hand, the question of their continuance might be a useful bargaining point.

49. *Mr. Wershof* suggested that the problem might be broken down into a number of questions which could be looked at departmentally. Transport and Trade and Commerce might give some thought to the need for continuing the 14-foot facilities, and Justice might look into the legal questions involved.

50. *Mr. Henry* pointed out that the question of the transfer of canal reserve lands had come up with Ontario and would have to be resolved.

It should also be borne in mind that within about ten years there would be a requirement for duplicate facilities throughout the waterway and that it would be much cheaper to do the preparatory work before the area on the Canadian side was flooded.

51. *The Chairman* asked if Ontario had agreed to the waiver included in the June, 1952 exchange of Notes.

52. *Mr. Henry* said that they had not been consulted.

53. *Mr. Pelletier* pointed out that if the 27-foot waterway did not go on top of the 14-foot waterway, the waiver would be invalidated.

54. *General McNaughton* said that if the 27-foot canal were built on the United States side and the 14-foot facilities not replaced, there would be an outcry in Canada. In negotiating with the United States, Canada should strive to maintain all points of interest, amongst which was the 14-foot waterway. Canadian public opinion was swinging more and more in favour of an all-Canadian waterway and a retreat might be difficult to explain.

55. *Mr. West* agreed that it might be psychologically desirable to retain the 14-foot facilities.

56. *The Committee*, after further discussion, agreed that a memorandum be prepared by Transport — if possible, by Wednesday, June 30 — on the requirement for 14-foot facilities on the Canadian side, and by Justice on the legal position with respect to indemnification and land transfers.

Tolls; Joint or Unilateral

57. *Mr. Henry* said it was his opinion that the Canadian side should, from the beginning, advocate separate tolls. If, after sufficient experience, it was found that joint tolls would be desirable, a change could then be made.

Acts in both countries covered the requirements for tolls. The Canadian system of setting tolls would differ considerably from that in the United States and it was of interest that, up to the present, the two countries had not been able to reach understanding on common tolls, such as international freight rates.

58. *The Chairman* said it might be possible in the early meetings to avoid substantive discussion of the toll question.

59. *Mr. Hadskis* said there was some fear on the Canadian side of leaving Canadian traffic to the mercy of US tolls if rates were set unilaterally.

60. *Mr. MacLeod* said he thought some discussion of toll structure would be required at an early stage in the negotiations. Commodities of most interest to Canada — such as grain — did not have the same importance in the United States. It was also possible that the toll question might resolve itself into an additional reason for an all-Canadian Seaway.

61. *Mr. Wershof* said that The Boundary Waters Treaty provided protection to both countries against discrimination. It might be possible, as an added safeguard, to insist that there be joint discussion before the structure was settled. For this reason, there might be some value in making a study of the economic advantages and disadvantages of joint and separate tolls.

62. *The Chairman* said he thought it would be difficult to make an economic assessment of which toll system would be the better.

63. *The Committee*, after further discussion, agreed that Trade and Commerce, in consultation with External Affairs and Transport, prepare — if possible by Wednesday, June 30 — a memorandum on the question of joint or unilateral tolls on the Seaway.

Advantages and Disadvantages of a Canadian — as compared with a United States Seaway

64. *Mr. Henry* said that the most recent investigation had shown that a Canadian waterway in the International Rapids sector would cost no more — and possibly be somewhat cheaper — than a corresponding waterway on the United States side. The location of the waterway would make no difference to navigation.

65. *The Committee* noted Mr. Henry's statement.

Advisability and/or Practicability of two Canal Systems now and in the future

66. *Mr. Deutsch* said there might be some advantage in making a study of the economics of duplicate canal systems.

67. *The Committee* agreed that a memorandum be prepared by Transport — if possible by Wednesday, June 30 — in consultation with Finance and Trade and Commerce, on the advisability and/or practicability of two canal systems now and in the future.

Desirability of concluding a new Canada-United States St. Lawrence Agreement

68. *The Committee* noted that External Affairs would, when more information on US proposals was available, prepare a memorandum dealing with the desirability of concluding a new Canada-United States St. Lawrence Agreement.

Detailed Comparison of Canadian and US Legislation

69. *The Committee* noted Mr. Henry's memorandum of June 16† (copies of which had been circulated).

III. NEXT MEETING

70. *The Committee* agreed to meet again on Wednesday, June 30, at 2:30 p.m., in the Privy Council Committee Room, East Block, for further consideration of points to be discussed at the forthcoming Canada-United States meetings on the St. Lawrence Project.

W.P. CHIPMAN
Secretary

568. DEA/1268-D-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1167 Washington, June 29, 1954

CONFIDENTIAL

Reference: Our teletype No. WA-1118 of the 22 of June.†

ST. LAWRENCE SEAWAY

At Horsey's invitation we called on him this morning at the State Department to give him some personal help in identifying the main issues that may be expected to arise during the meetings in Ottawa on the 5 and 6 of July. We began by saying that the Canadian authorities would enter into the negotiations in the hope of reaching agreement. But perhaps an analogy could be drawn between these discussions and tariff negotiations. Even when both parties to such negotiations desired agreement, there was always hard bargaining and the participants did not always reveal at the outset what their ultimate positions might be. For that reason he should not expect us to anticipate fully the Canadian position even as it would be disclosed at the preliminary meeting to be held in Ottawa next week, although we could perhaps serve a useful purpose by directing his attention to some of the issues that would have to be discussed.

2. Horsey said he realized that hard bargaining must be expected. However, he doubted whether this fact was appreciated by many of the United States authorities who would be coming to Ottawa next week. Indeed, the chief purpose of taking such a large delegation to Ottawa was to acquaint them without delay with the stubborn problems that would have to be solved if agreement was to be reached. He added, however, that he hoped little time would be consumed in diplomatic fencing and that the meeting in Ottawa could be devoted to an examination of the main outstanding issues. We said that we thought that was the intention of the Canadian authorities. He, for his part, assured us that there was no disposition on the United

States side to try to railroad the negotiations and repeated that it was clearly understood here that further meetings would be required after there had been an interval for consideration of the issues that would be examined in a preliminary way next week.

3. After this preface to the conversation, we went on to list some of the issues that would be bound to arise during the meeting in Ottawa, some of them lying within the framework of the Public Law 358, and others falling outside its scope. There is no need to repeat at length here our exposition of these issues, since you know them far better than we do. Perhaps, however, it would be as well to list summarily the points we touched on.

(a) Referring to the provision in the United States act that assurances should be sought from the Canadian authorities, we said that the Canadian representatives would naturally be interested to know the nature of the assurances that would be requested.

(b) After outlining the history of the Canadian undertaking to pay $15 million towards the cost of channel enlargement of the International Rapids section, we indicated that it would be the Canadian view that this arrangement would have to be modified if canals in that part of the river were to be built in United States territory.

(c) We also outlined the problem created for the Canadian Government by the present 14' canal on the Canadian side of the river.

(d) We also stressed the necessity of interfering as little as possible with the arrangements that have now been completed to authorize construction of the power project, including the IJC's order of approval.

We said nothing about the Canadian requirement that there should be no impediment, except the payment of tolls, to the free passage of Canadian vessels through the canals that might be built in United States territory, since we thought that this subject would best be opened at the meeting in Ottawa. Horsey, however, brought it up very briefly. He suggested that the Canadian authorities might want some assurance of free right of passage and that United States representatives would, of course, be willing to discuss such a demand. His remark, however, led to no further discussion.

4. His chief concern seemed to be over the impression Bliss had received from discussions with Canadian officials in Ottawa that the Canadian Government expected a more specific proposal to be put forward by the United States authorities. He said that, in the State Department's view, transmission of Public Law No. 358 was to be regarded as a proposal of a fairly specific kind. Nor was this issue, as he saw it, merely a matter of words, since Bliss had reported that, in the view of some Canadian officials, it was now the responsibility of the United States Government "to make a specific proposal *that the Canadian Government would then accept or reject*". That was not how the forthcoming negotiations were being envisaged in the State Department. Instead, the United States authorities expected that a specific proposal would emerge in the course of the negotiations as was customary in other negotiations between the United States and Canada. That had been the case, for example, in many negotiations over defence issues. If the St. Lawrence

seaway negotiations succeeded and agreement were reached, the United States proposal might attain its final degree of particularity only at the last moment before formal notes were exchanged. However, the United States authorities would, of course, try at every stage of the negotiations to make their developing proposals as clear and specific as possible, although this could only be done, they thought, in the course of discussions which would serve to reveal what arrangements might be acceptable to the Canadian Government.

5. Horsey was also anxious to discuss the kind of opening statement that might be made by the leader of the United States delegation in Ottawa on the 5 of July. If present intentions prevail, we gathered that Anderson would probably begin by referring to the long campaign in the United States in favour of the seaway. Passage of the Wiley Bill, he would go on, was the culmination of that campaign in the eyes of those in this country who had fought for the seaway for many years; and it had seemed to the United States authorities that Public Law No. 358 might be regarded as a specific proposal. Without arguing that point, however, the United States spokesmen would say that it was fully realized that a number of contentions issues would have to be solved before construction could begin on the seaway as a cooperative venture between Canada and the United States. He and his colleagues were anxious to move as quickly as possible to sharpen United States proposals on these issues. But since it was their earnest hope that they could fashion proposals that would be acceptable to Canada, they thought that the work of defining the United States proposals should be part of the process of negotiation.

569. DEA/1268-D-40

Procès-verbal de la réunion du Comité interministériel sur le projet du Saint-Laurent

Minutes of Meeting of Interdepartmental Committee on St. Lawrence Project

CONFIDENTIAL Ottawa, June 30, 1954

Present:
Mr. R.B. Bryce, Secretary to the Cabinet, (Chairman),
Mr. R.A.C. Henry,
Mr. C.W. West, Deputy Minister of Transport,
General A.G.L. McNaughton, Chairman (Canadian Section), I.J.C.,
Mr. Paul Pelletier, Assistant Secretary to the Cabinet,
Mr. M.H. Wershof, Acting Asst. Under-Sec. of State for External Affairs
Mr. J.F. Parkinson, Department of Finance,
Mr. D.S. Maxwell, Department of Justice,
Mr. T.M. Patterson, Dept. of Northern Affairs and National Resources,
Mr. C.M. Isbister, Department of Trade and Commerce,
Mr. W.J. Matthews, Department of Transport,
Mr. G.G. McLeod, Department of Transport,
Mr. J.L. MacCallum, International Joint Commission,
Mr. E.A. Côté, Department of External Affairs,
Mr. G.E. Cox, Department of External Affairs,
Mr. G.W. Stead, Department of Finance.
Mr. W.P. Chipman, Privy Council Office, (Secretary)

I. JUNE 28 MEETING OF MINISTERS

1. *The Chairman* reviewed the principal conclusions reached at the June 28th meeting of Ministers:

(a) *Canadian Commitment not to proceed with a Second Waterway in Canada*

Canadian officials in their July 5th meeting with US officials should indicate clearly that the Canadian government was not prepared to make any commitment about not proceeding with a second waterway in Canada even for a limited period of time.

(b) *$15,000,000 Contribution towards Channel Enlargements*

The Canadian government would naturally expect the United States to assume responsibility for making a payment of $15 million as a contribution toward the cost of channel enlargements to the Ontario Hydro Electric Power Commission and the New York State Power Authority if the United States undertook the construction of the Seaway in the International Section.

(c) *Continuance of 14-foot Navigation*

Officials should not give any indication of the stand likely to be taken by the Canadian government on this question.

(d) *Safeguards for Canadian Shipping in the US Waterway*

Officials should indicate that the Canadian government would likely expect Canadian ships to have free access to canals and locks in a US waterway on the

same conditions (except for tolls) as would apply if the canals and locks were in Canada. Reference to UK and foreign shipping should be avoided if at all possible.

(e) *Tolls*

Officials might indicate that the Canadian government would probably favour a system of unilaterally fixed tolls on the segments of the Seaway, although Canada might agree to some form of common collection of tolls.

(f) *I.J.C. Order of Approval*

Any suggestion that might lead to a re-opening of the Order of Approval issued by the International Joint Commission on October 29, 1952, should be avoided.

(Conclusions of the meeting of Ministers to discuss the proposal for US participation in the construction and operation of the St. Lawrence Seaway, held on June 28, had been circulated).

2. *Mr. West* said that Mr. Pearson's view — as he recalled it — had been that Canadian ships should have the same rights in US segments of the Seaway as they would have in Canadian territory.

3. *The Chairman* added that the probable reason that Ministers directed that discussion of the rights of foreign shipping in the waterway be avoided was that United Kingdom shipping was, at present, afforded equal treatment with Canadian shipping, and also that Canadian policy in connection with the coasting trade was not fully settled.

4. *The Committee* noted the Chairman's report on the conclusions reached by Ministers at their meeting of June 28.

II. TWO CANAL SYSTEMS

5. *Mr. West* dealt with the engineering and economic aspects of two ship channels. The following points were made:

(a) *Engineering*

(i) There were no particular engineering difficulties involved on either side of the river.

(ii) There were no practical differences in efficiency in handling ship traffic, the overall distance in a US or a Canadian canal being about the same and each having three locks. Passage through a Canadian canal would be slightly quicker since there would be more open river navigation.

(iii) The cost on either side had been estimated at $88 million, although improved construction at the Iroquois Control Dam would reduce the Canadian cost by several million dollars.

(b) *Economics*

(i) It appeared unlikely that there would be difficulty in amortizing the entire project with a canal on each side.

(ii) Estimates of revenue, volume through system and period for amortization at 3% and 3 1/2% were given.

(Memorandum — "Two Ship Channels (US and Canadian) in the International Rapids Section" had been circulated).

6. *Mr. Cox* pointed out that if it were indicated that Canada was making preparations for building a 27-foot waterway the possibility of the Americans making the $15 million contribution to the power entities might be compromised.

7. *Mr. West* said that Ministers had directed that no Canadian commitment be made.

8. *Mr. McLeod* pointed out that if two canal systems were built the US position might become untenable if Canada were to establish a "one collection" toll schedule applying where a vessel passed through one, two or three of the Canadian canals. Hence, he suggested that there was reason for seeking a uniform system of charging tolls for the whole seaway. Four alternative Canadian courses of action might be considered:

(a) Undertake no work toward Canadian canals in the International Section;

(b) Undertake excavation "in the dry" on parts of the Canadian channel that would be flooded by the Hydro project;

(c) Undertake excavation and build the upper Cornwall dock and connect it to the present 14-foot canal; or

(d) build the Canadian system at this time.

Estimates were given on the cost of the works proposed in the above alternatives, and it was suggested that alternative (c) appeared the most reasonable at the present time.

(Memorandum of June 30 — "Two Canal System (US and Canadian) in the International Rapids Section and related alternatives" had been circulated.)

9. *Mr. McLeod* added that the two-canal issue might well be one of which discussions broke off because Canada could, by building her own waterway, make the financial position of the US waterway extremely difficult.

10. *The Chairman* said that the issue should not be raised unless the Americans brought it up.

11. *Mr. Wershof* suggested that at this stage we should not worry about the problem of two canals. Up to the present, Ministers had not considered the points raised by Mr. McLeod.

12. *Mr. Henry* said that in a two-canal system rates would have to be similar. He went on to point out that it might be expected that in about fifteen years there would be need for duplicate seaway facilities throughout. The President of Canada Steamship Lines had already suggested duplicate facilities in the Welland Canal. Present estimate of cost for these facilities was $100 million. There would be an additional $40 million required for duplicate facilities at Lachine.

13. *Mr. West* agreed and said that there was already a loss of time through congestion on the Welland Canal.

14. *Mr. Wershof* said that he thought US officials would want to know Canadian plans.

15. *General McNaughton* said the answer to their question about our intentions would depend in part on the rights which the US would grant to Canada on their side.

16. *Mr. Henry* pointed out that Canada would, within the next month or so, have to tell the Ontario Hydro how much land was needed for expropriation purposes and would also want to expropriate from the end of the Hydro land to Cornwall.

17. *The Committee*, after further discussion, noted that it would be necessary within the next few weeks to obtain direction from the Cabinet on the work which might be undertaken in preparation for a 27-foot canal on the Canadian side.

III. CONTRIBUTION OF $15 MILLION BY THE ST. LAWRENCE SEAWAY AUTHORITY TOWARD THE COST OF CHANNEL ENLARGEMENTS TO BE UNDERTAKEN BY THE ONTARIO HYDRO AND THE NEW YORK STATE POWER AUTHORITY IN THE ST. LAWRENCE RIVER

18. *Mr. Pelletier*, after reviewing undertakings about the $15 million contribution contained in the June 30, 1952 Exchange of Notes, and the I.J.C. Order of Approval, said that if the waterway in the International Section was to be built by the United States, Canada had a right in equity, if not in law, to expect the US government to assume responsibility for the contribution. He went on to point out that the Wiley Act did not cover this question, and therefore the U.S. St. Lawrence Seaway Development Corporation could not accept responsibility without further action by Congress. The Annual Rivers and Harbours Improvement Act might, with congressional approval, provide authority for the payment. In addition it would be necessary that Appendix "C" of the Order of Approval be modified, since it specifically stated that the payment should be made by the Canadian St. Lawrence Seaway Authority. Another factor was that it was at US insistence that Canada consented to make the $15 billion commitment. Finally, it was pointed out that the following objections could be made to Canada making the payment:

(a) The channel enlargements toward which the contribution would be made would be in the International Section of the river and should logically be paid for by the country developing that section;

(b) Assuming that tolls were to be established unilaterally, the Canadian toll rate would be unduly loaded and the US rate unduly relieved if Canada were to make the contribution;

(c) It was the United States and not Canada that insisted in the first instance on the contribution; and

(d) Public opinion in Canada would be against the contribution, since the commitment had been made on the assumption that Canada — not the U.S. — would build the facilities in the International Section.

(Memorandum of June 25 — "Contribution of $15 million by the St. Lawrence Seaway Authority toward the cost of channel enlargements to be undertaken by the Ontario Hydro and the New York State Power Authority in the St. Lawrence River" had been circulated).

19. *General McNaughton* pointed out that, since both the power project and the navigation project were to be self-liquidating, Canada might contribute the $15 million provided that the amount, plus interest, be recovered from joint tolls to be imposed in the International Section of the river. An alternative to this scheme would be for the power entities to finance the $15 million contribution and recover

costs, plus interest, from joint tolls. This arrangement, however, would require approval by the I.J.C. of a revised cost allocation between the power entities.

(An explanatory memorandum was circulated at the meeting).

20. *Mr. Wershof* pointed out that it might be difficult to make our lack of intentions seem in accord with asking the United States to undertake the responsibility for the $15 million.

21. *The Chairman* agreed that the inference might be that we were not going to build on our side. We might say, however, that in our view the tolls in the International Section should bear the cost of the $15 million contribution. Whoever collected the tolls — i.e., whoever built the canal — should put up the $15 million. If both countries built a canal, the unamortized portion of the $15 million should be shared between them. If this approach was not acceptable to the United States, the second Canadian position might be that we would put up the $15 million and ask them to collect the amount necessary to pay it off.

22. *Mr. West* agreed that the assumption made in General McNaughton's paper was reasonable.

23. *Mr. Côté* said that External Affairs' preliminary opinion was that an item for $15 million could not be slipped into the U.S. Rivers and Harbours Improvement Act without being the occasion for discussion in Congress.

24. *The Committee*, after discussion, agreed that:

(a) An attempt be made to obtain preliminary agreement that the country building the canal in the International Rapids Section assume responsibility for the $15 million contribution; or

(b) failing agreement on this point, it might be indicated that Canada might consider paying the $15 million on the understanding that this expenditure, plus interest, would be reimbursed through toll charges.

IV. CONTINUING 14-FOOT NAVIGATION ON THE CANADIAN SIDE

25. *Mr. West* said that from a strictly economic viewpoint, 14-foot navigation on the Canadian side in conjunction with the 27-foot navigation on the US side was not justified. On the other hand, however, a number of factors should be considered:

(a) The agreement of December 3, 1951 between Canada and Ontario contemplated that Ontario, in return for the transfer from Canada of such of the 14-foot canal lands as might be required to enable the power works to be completed, would either provide a new 14-foot canal or make a contribution equivalent to the cost of the 14-foot canal toward the cost of the 27-foot canal on the Canadian side. (In 1949, the estimated amount was $15,309,000);

(b) If it were decided to defer construction of a 27-foot canal on the Canadian side, it would be extremely desirable to undertake the necessary excavation in the upper approaches to the proposed Cornwall lock, since this could be done "in the dry", at one-quarter of the cost of later sub-aqueous excavation. The estimated cost of this excavation was $2 million. This excavation would be required in any event to provide access to the Canadian shore by large vessels;

(c) The I.J.C. Order of Approval required Canada to contribute an agreed amount to the power entities on account of channel enlargements, and in the note of June 30, 1952, this was stated to be $15 million; and

(d) No authority existed in the Wiley Act for this contribution to be made by the United States.

Canada could undertake the necessary excavations and construct the upper Cornwall lock for an estimated $24,250,000 which would, if a later decision were made to complete the 27-foot navigation on the Canadian side, reduce the estimated $101 million cost by $24,250,000.

(Memorandum dated June 28, "Continuing 14-foot navigation on the Canadian side" had been circulated).

26. *Mr. West* added that Mr. Henry had suggested that instead of building a 600-foot lock it would be sufficient at this time to build only a 300-foot lock, and expropriate the property required sometime in the future for the additional 300 feet. Because of the location of the lock on a dyke, it could be completed to 600 feet without the construction of a cofferdam and with no danger to workmen. The reduction in costs for a 300-foot lock would be about $10 million, to which would have to be added about $4 million for expropriation costs.

27. *Mr. Henry* said that recent studies had indicated that it would be cheaper by about $3 million to build the canal at Iroquois on the Canadian side.

28. *General McNaughton* said that he did not think Ontario would pay the $15 million to Canada because it would be an additional charge to the cost of power. He would like to see the $15 million added to the cost of navigation and amortized through tolls.

29. *Mr. Côté* said the Wiley Act, which directed that the canal be built on the US side, would probably require an amendment if the Iroquois canal were to be on the Canadian side.

30. *The Chairman* asked General McNaughton and Messrs. West and Henry to prepare a paper on the location of the Iroquois canal and on the continuation of 14-foot navigation. He added that if the question should arise in the joint meeting, the Canadian answer might be that in view of the altered circumstances, a government decision had not been reached about continuing the 14-foot navigation.

31. *Mr. West* said his view was that if the canal were on the US side, the minimum required in Canada would be the maintenance of 14-foot navigation, a 300-foot lock at Cornwall and the necessary excavation for eventual 27-foot navigation. The 14-foot canal would not, of course, be toll-free.

32. *The Committee*, after further discussion:

(a) noted that:

(i) a new memorandum would be prepared on the location of the canal at Iroquois and the continuation of 14-foot navigation on the Canadian side; and

(ii) it would be necessary to seek a Cabinet decision within the next few weeks on the question of the continuation of 14-foot navigation; and

(b) agreed that at the forthcoming joint meeting, US officials would be told, if they enquired, that no decision had been reached by the government about the continuation of 14-foot navigation.

V. USE OF THE ST. LAWRENCE SEAWAY BY CANADIAN AND FOREIGN SHIPPING

33. *Mr. Isbister* pointed out that bilateral treaties in force between Canada and the United States had the effect of ensuring equal rights of navigation for purposes of commerce to citizens and vessels of both countries throughout the St. Lawrence River and Great Lakes. These treaties were, however, subject to the right of each country to enact laws and regulations within its own territory so long as they were not inconsistent with the privilege of free navigation and were applied equally and without discrimination to the citizens and vessels of both countries. There were also some multilateral arrangements (including the GATT) extending to other countries the obligation on the part of the United States and Canada to permit freedom of transit and to avoid discrimination. Canada would have a significant economic interest in facilitating the use of the Seaway by British and foreign ships operating between Canadian ports and ports Overseas. With the completion of the Seaway, the potential increase in traffic for direct carriage between the Great Lakes and overseas ports would represent a significant proportion of the total overseas trade of Canada and the United States, and it could be expected that foreign ships operating through the Seaway would carry a much greater proportion of the total Canadian overseas commerce than of the total United States or overseas commerce. The initial position of US authorities would probably be that US regulations should apply to all ships passing through that part of the Seaway in US territory. The opening Canadian position might be that only regulations comparable to those in force in Canada should apply to Canadian-registered ships in the US Section of the Seaway and to any ship using the Seaway when destined only for (or originating only in) Canadian ports. There might, however, be serious difficulty in working out such arrangements, particularly in connection with security controls. The efficient operation of the Seaway and the contribution which it would make to the Canadian economy required that some firm understanding be reached with the United States at an early stage regarding the use of the US portions of the Seaway by Canadian and foreign ships.

(An explanatory memorandum — "Use of the St. Lawrence Seaway by foreign Shipping" — was circulated)†.

34. *General McNaughton* pointed out that there was some doubt that Article I of The Boundary Waters Treaty provided equal treatment for British — as opposed to Canadian—shipping.

35. *Mr. McLeod* suggested that Canada might ask the United States to take steps satisfactory to Canada by a certain date.

36. *Mr. Matthews* pointed out that US shipping regulations — apart from security controls — were comparable to Canadian regulations.

37. *General McNaughton* said that in the event of a war it might be expected that questions to do with the Seaway would be worked out in the Permanent Joint Board on Defence.

38. *Mr. Reisman* said that the United States could, by regulation, make it very difficult for foreign shipping to use the Seaway even if the regulations were non-discriminatory.

39. *Mr. West* said he did not anticipate any difficulty through Labour regulations.

40. *General McNaughton* pointed out that it was unlikely that problems would arise through the use of channels on the US side. The US locks would be the places where US regulations would have effect.

41. *Mr. Wershof* said that if a treaty with the United States was required, it would probably take about a year and a half to go into effect. A safeguard might be to insist that before new restrictions were introduced by either side there be consultation. On the other hand, it should be remembered that if the United States behaved in a manner which Canada did not like it would be possible for Canada, in four or five years, to have its own seaway.

42. *The Chairman* said that since the seaway would be five-sevenths on the Canadian side it was probably not necessary to give equal treatment with respect to shipping, to the United States.

43. *Mr. Isbister* did not feel that a requirement for prior consultation would be an adequate safeguard. The United States was now required under the GATT to afford the opportunity for prior consultation.

44. *Mr. Pelletier* reviewed the present Canadian security regulations which applied only in the Great Lakes and St. Lawrence River down to Montreal. In practice, foreign ships made their first journey into the Lakes free of checks. There was a three-year time limit on the present Canadian law.

45. *The Chairman* said that it might be possible to ask Mr. Pearson and Mr. Howe before the Monday meeting whether the question of the use of the seaway by foreign ships could be discussed. At the meeting, it might be best to ask the United States for their views of the security problem without developing our own position too extensively.

46. *The Committee*, after further discussion, noted that at the forthcoming joint meeting an effort would be made to obtain US views on the use by Canadian (and possibly foreign) ships of the portion of the seaway which might be in US territory without, however, indicating in any detail the position which Canada might take.

VI. TOLLS

47. *The Chairman* said that the only new point to be considered in connection with tolls was that of the possible amortization of the $15 million contribution through tolls. The Canadian attitude on the general question might be that in principle there was no objection to joint tolls but it was thought that in practice separate tolls would work out better.

48. *Mr. Pelletier* said that Trade and Commerce was undertaking an intensive study of the toll question.

49. *Mr. Wershof* said that presumably toll arrangements could be altered in the light of experience gained.

50. *The Committee* noted the Chairman's remarks.

VII. JULY 5TH JOINT MEETING

51. *It was agreed* to meet on Monday, July 5th, at 11:30 a.m., in the Privy Council Committee Room, to discuss the tactics which might be adopted at the July 5th joint meeting.

W.P. CHIPMAN
Secretary

PCO

570.

Note du secrétaire du Cabinet pour le Cabinet

Memorandum from Secretary to Cabinet to Cabinet

CABINET DOCUMENT NO. 163-54 [Ottawa], July 12, 1954

CONFIDENTIAL

ST. LAWRENCE POWER PROJECT; SPECIAL CUSTOMS AND IMMIGRATION ARRANGEMENTS

1. At a meeting held on June 22nd, 1954, Cabinet agreed that the undersigned should convene an ad hoc committee of officials comprising representatives of the departments of External Affairs, Finance, National Revenue, Citizenship and Immigration, Labour and Transport to consider all the implications of any special customs and immigration arrangements that might be made with the United States on the movement of equipment, materials and personnel across the Canada-US boundary during the course of construction of the St. Lawrence power project by the Ontario Hydro Electric Power Commission and the New York State Power Authority and to submit recommendations as to how this problem might best be met.

2. In accordance with this decision, representatives of the above-named departments, as well as officials of the department of Trade and Commerce and of the Privy Council Office, have consulted with Mr. Saunders and Dr. Holden of Ontario Hydro, have considered the advantages and disadvantages of the various arrangements that might be made with the United States in this connection and wish to submit the following report and recommendations.

I. *The Problem*

3. The Hydro-Electric Power Commission of Ontario has been authorized to construct those portions of the power project that lie in Canadian territory and similarly the Power Authority of the State of New York has been licensed to construct those portions of the project which lie in US territory. However, because certain more or less indivisible components of the project straddle the boundary line, it is neither practical nor efficient to attempt to divide responsibility for construction of the Canadian and US portions of such components between Ontario and New York on a purely national basis. This very practical consideration was taken into account by the International Joint Commission whose Order of Approval of October 29th,

1952, provides that total costs of the power works shall be based on Canadian costs and United States costs and that the total shall be equally divided between the two construction entities. In actual fact, Ontario and New York have divided responsibility for construction of the various components on the basis of practicability and of a more or less equal division of total costs to each, and not on the basis of the international boundary.

4. The question of special customs and immigration arrangements arises now because Ontario Hydro will shortly call for tenders for the construction of two cofferdams on either side of the site where the power houses will later be erected. Both cofferdams will lie across the boundary; but both are to be wholly constructed by Ontario Hydro.

II. *The Considerations*

5. Following an enquiry by the Chairman of Ontario Hydro as to what customs and immigration arrangements might be made by Canada and the United States to enable materials, equipment and men to move unimpeded across the boundary during construction of the power house cofferdams referred to above, the matter was taken up informally with the US State Department by the Canadian Embassy at Washington. It is now understood that the United States is prepared to waive the normal passport and visa requirements for temporary entry into the United States of foreign labour working on these cofferdams provided that the men are legally landed in Canada, that their entry will be limited to geographic areas where they should have access for the purposes of the cofferdams and that they will be required to wear a badge or to have some other form of identification. The United States will also allow any material for incorporation in the cofferdams to enter duty free (although there will be no exemption on materials to be used for approaches) and construction equipment will be allowed to enter in bond subject to a guarantee of re-export on completion of the work.

6. With reference to US intentions in the field of customs, it must be recognized that it may be relatively easy for the United States government to expose its producers and contractors, who operate on a large scale with low costs, to the full force of international competition. The position of Canadian industry is less secure. It might nevertheless be unfortunate, at home and abroad, if the Canadian government appeared to be following a less liberal tariff policy than the United States with regard to an enterprise of joint and common concern. On the other hand, because of the fact that the average wage in the Cornwall area is considerably below the Massena level, it may be that the US proposals regarding the waiving of normal immigration requirements may work in favour of Canadian labour and to the detriment of US labour.

7. It should be noted that the US intentions referred to above relate to the power house cofferdams. It is now understood, however, that the United States will probably suggest that similar customs and immigration arrangements be made in respect of all other power works. The only decision required immediately concerns the position the Canadian Government wishes to take on special customs and immigration arrangements for the construction of these cofferdams. It must be recognized, however, that the cofferdams are the first part of, and will likely set the pattern for,

other more important works. For these reasons, the committee of officials thought it advisable to consider the problem in relation to the project as a whole rather than to cofferdams alone.

8. Insofar as immigration requirements are concerned, there is no really serious problem. As stated above, the margin between Canadian and US wage levels is such that Canada could probably waive immigration requirements on a wider basis than would likely be acceptable to the United States.

9. The problem is rather more complex with regard to materials and equipment. It might be well to remember, in this connection,

(a) that government policy has consistently been to avoid federal subsidization of hydro-electric power projects;

(b) that while some remissions (e.g., of sales tax) might improve the competitive position of Canadian producers of materials and equipment, other remissions (e.g., of customs duties) would normally work in the opposite direction;

(c) that there have been recent precedents for making certain concessions in connection with developmental projects of national significance (e.g., the Labrador railway, the oil pipeline, etc.);

(d) that the essentially international character of at least a part of the work involved in the St. Lawrence power project appears to put that part of the work (although not necessarily the whole project) in a special position deserving special treatment;

(e) that it would be very difficult, if not impossible, from a purely administrative point of view to apply normal customs and immigration requirements in cases where a single contractor undertook a project which straddled the boundary — as, for example, the Iroquois dam or the dredging of the channels;

(f) that the cofferdams will contain a good deal of Canadian supplies such as rock fill and undressed lumber, no matter what decisions are taken on duties and taxes, and not very significant quantities of steel which would be the only important item affected by the Canadian tariff, while the other more permanent structures such as power houses, dams and dykes would involve much greater quantities of dutiable steel and concrete; and

(g) that while some of the construction equipment required for the whole project (e.g., compressors, rock-drilling machinery, diesel shovels and cranes, heavy duty trucks, pile-drivers, dredges, scows, tugs, conveyers, concrete pumps, etc.) is made in Canada, most of it is not.

10. The committee of officials considered the implications of the two extreme positions — complete remission of duties and taxes or no concession of any kind — and also of several mid-way measures such as remission of duties and taxes on materials only or equipment only, reduction of British Preferential to free with proportionate lowering of MFN rate, remission only in cases where materials are of a class of kind not made in Canada or where equipment is not available in Canada, etc.

11. After studying these various possibilities in the light of all relevant factors — interests of Canadian labour, contractors and manufacturers; undesirability of

appearing less liberal tariff-wise than the United States; administrative difficulty of applying normal customs and immigration rules to works lying astride the boundary; government policy regarding hydro-electric power projects; etc. — the committee came to the conclusion that the most practical and defensible course of action would be to make a distinction between the "international" and the "national" components of the project and to waive all duties and taxes and immigration requirements in respect of the former while making no concession of any kind in respect of the latter.

12. Attached hereto as Appendix "A"† is a tentative allocation of the main works into two such categories. Also shown are the total expenditures (exclusive of interest during construction) to be made in each country on these works. The total Canadian and US investment is of the order of $500 million. Of this, something more than $350 million will be expenditures of an essentially "national" rather than "international" character, clearly located on one side of the boundary or the other. These "national" works include both power houses, the generating equipment, the Long Sault dam, the dykes and all rehabilitation undertakings such as relocation of highways, railways, bridges, towns, etc. (Incidentally, the seaway project will consist entirely of "national" components of this character with the exception of dredging in the Thousand Island section). The remainder of the power project, amounting to slightly more than $130 million for both Ontario and New York, consists of works which are predominantly "international", i.e., dredging, cofferdams and the Iroquois control dam. The cost of that portion of these three "international" components actually located in Canada, and to which therefore Canadian duties and taxes would normally apply, is estimated to be $42.5 million; but this figure includes labour and management costs and therefore the dutiable or taxable element would be substantially lower than that.

III. *Recommendations*

13. It is therefore recommended,

(a) that all duties and taxes on materials to be incorporated in the cofferdams required for the St. Lawrence power project and on equipment to be used in the construction of these cofferdams be remitted (see Appendix "B")† and that normal immigration requirements be waived in respect of workers (but not dependents and camp followers) employed on these works — (in the case of duties and taxes, remission would normally be by Order in Council; in the case of labour, employers would be required to furnish each employee with an identification card bearing his photograph and to forward certain prescribed information concerning each such employee to the Department of Citizenship and Immigration);

(b) that, without commitment (except with regard to cofferdams) as to which works should be classed in each category, approval be given to the principle that all duties and taxes should be remitted and normal immigration requirements waived in respect of "international" works (generally speaking, the works that straddle the boundary) but that no concession of any kind be made with regard to other or "national" works; and

(c) that the US State Department be informed that the government is prepared to reciprocate in the matter of special customs and immigration arrangements on cof-

ferdams as set out in (a) above and that the Department of External Affairs be authorized, in consultation with the government departments concerned and subject to final Cabinet approval, to negotiate with the State Department a reciprocal customs and immigration agreement covering the whole power project along the lines suggested in (b) above.[129]

R.B. BRYCE

PCO

571.

Note du chef du Comité interministériel sur le projet hydroélectrique et voie maritime du Saint-Laurent pour le Cabinet

Memorandum from Chairman, Interdepartmental Committee on the St. Lawrence Seaway and Power Project, to Cabinet

CABINET DOCUMENT NO. 164-54 [Ottawa], July 13, 1954

CONFIDENTIAL

ST. LAWRENCE SEAWAY; U.S. PROPOSAL FOR PARTICIPATION IN CONSTRUCTION AND OPERATION; REPORT ON MEETINGS OF CANADIAN AND U.S. OFFICIALS HELD ON JULY 5 AND 6

I. INTRODUCTION

1. Canadian and United States officials met in Ottawa on July 5 and 6 to explore the problems which arise out of the US proposal to participate in the construction and operation of the Seaway and to fix an agenda for inter-governmental meetings to be held at a later date.

2. At the conclusion of the second day's meeting, both Canadian and US officials approved the agenda set out hereunder for the inter-governmental meetings which are to be held at a date and place to be determined by the Minister of Trade and Commerce and US Secretary of Defence Wilson in consultation:

DRAFT AGENDA

1. Opening statements.
2. Assurances required under the Wiley Act.
3. Contribution of $15 million to power entities toward meeting cost of channel enlargements.
4. Provision of 14' canals in Canadian territory.
5. General views regarding policy of separate or joint tolls.
6. Agreement on consultation before navigation works are duplicated by either country.

[129] Approuvé par le Cabinet, le 13 juillet 1954/Approved by Cabinet, July 13, 1954.
Voir/See Canada, Department of External Affairs, *Press Releases*, 1954, No. 62.

7. Navigation rights and conditions on which vessels may use canals in International Section.
8. Effects of modified arrangements on legal situation in the light of US and Canadian legislation and International Joint Commission Order.
9. Possibility of a new Canada-US agreement to embody modified arrangements.
10. Expectation of timing of construction programme.
11. Other business.

II. THE FACTS

3. Attached hereto as Appendix "A"† is a résumé of the more important developments that have taken place since the Prime Minister first discussed with the President of the United States, in September of 1951, the possibility of developing the Seaway as an all-Canadian project.

4. It will be seen from a perusal of this Appendix that the only effective international instruments concerning the Seaway now in existence are the Notes which were exchanged by the Canadian and US governments on June 30, 1952. Copies of these Notes are attached as Appendix "B".†

III. THE PROBLEMS

5. As a result of the meetings of officials on July 5 and 6 the United States views (which were ascertained in a purely tentative and exploratory fashion) might be summed up as follows:

The United States Administration is not only authorized but directed to build canals and works in the United States territory in the International Rapids Section to the extent of $105 million. These works must be for navigation alone. Accordingly, the Wiley Act provides neither the authority nor funds required to compensate Canada for the $15 million though conceivably this amount, if paid by Canada, might be amortized in a joint toll structure which covered the Seaway from Lake Erie to Montreal. There was an evident reluctance on the part of the United States officials to offer any encouragement for the continuation of 14' navigation in Canada which, even with tolls, would tend to detract from the possibility of amortizing the United States investment in the "Wiley" works. As for compensation for the destruction of the 14' navigation, no immediate solution could be foreseen by United States officials. As regards the treatment of Canadian vessels, it was difficult to foresee that a Treaty could be ratified by the United States even if signed; it was hoped that these matters could be settled as we went along in the course of the years. On the subject of assurances, those required under the Wiley Act were more of a formality but the United States officials indicated that their Government might wish to have an international Agreement with Canada whereby neither side would construct parallel works in the International Rapids Section in the absence of full discussions between both countries.

6. On the Canadian side, the importance attached to the $15 million and to the treatment of Canadian ships was underlined. It was indicated that while there was a preference for unilateral tolls no firm view had been arrived at. Likewise while Canada thought there was some equity in being compensated for the 14' navigation,

no decision would be taken on this point nor, indeed, on the question of continuing 14' navigation.

$15 million contribution towards channel enlargements

7. It is unlikely that the United States can give, at this time, any firm undertaking to compensate Canada for its contribution towards the enlargement of channels for use by power and navigation in the International Rapids Section. The best that could be hoped for is either

(a) a United States Administration undertaking, embodied in an Executive Agreement, to seek Congressional appropriation of funds or a change of legislation at a later date, or

(b) an undertaking to compensate Canada out of tolls if Canada joins in setting the tolls in the *whole* Seaway between Lake Erie and the port of Montreal. (In this latter connection, the preliminary opinion of the United States Assistant Attorney General Rankin is that the Wiley Act envisages the fixing of tolls for the *whole* Seaway *and* the rules for fixing of measurements of vessels *and* the apportionment of revenues to be three inseparable and mandatory elements under the Wiley Act.)

8. If Cabinet is prepared to accept the undertaking mentioned in paragraph 7(a), such an undertaking might be forthcoming without much delay. At the same time, once the United States Administration had taken reasonable steps to get the necessary Congressional approval, this obligation would be discharged even if the efforts to fulfil it were unsuccessful.

9. As regards the alternative mentioned in paragraph 7(b), Canada might find it difficult to withdraw from the understanding to fix tolls and ship measurements and to apportion revenues jointly unless it were prepared to forfeit the collection from the International Rapids Section of the then remaining unpaid share of the $15 million with interest.

10. It should be noted that a corollary of the preliminary United States view on joint tolls is probably that should Canada *not* agree to joint toll-fixing procedures, the United States could not collect the amount of $15 million for Canada out of tolls fixed in the International Rapids Section alone. In these circumstances, there would seem to be nothing to prevent Canada from amortizing the $15 million out of adjacent portions of the Canadian Seaway.

Treatment of Canadian vessels in the "Wiley" locks

11. United States officials gave clear indications that it would be extremely difficult to give guarantees (even if Canada assured reciprocity) that Canadian vessels should be able to use the "Wiley" canals on terms no more onerous or restrictive than United States or Canadian vessels using Canadian canals. (Naturally, tolls would not be included in such an arrangement.) From a security, immigration, customs, economic and navigational viewpoint, a Treaty approved by Congress would be required. United States officials raised doubts as to the constitutionality of such action which would, in effect, deprive the United States the application of a part of its territorial sovereignty when Canadian vessels use the "Wiley" locks.

12. It was suggested by United States officials that, insofar as security (in the broad sense) was concerned, this matter might be dealt with by joint consultation

through the Permanent Joint Board on Defence. No recommendation by this Board, however, would be binding on the United States if it were in contravention of terms of, say, the so-called McCarren-Walter Immigration Act.

13. Under these circumstances (which must still be re-examined by officials versed in the law) it seems that the most Canada could obtain from the United States might be an assurance (embodied in an Executive Agreement) that the United States government would first consult Canada before Congress passed a law or the Administration fixed regulations affecting Canadian shipping in the "Wiley" locks. Even this assurance might be difficult to obtain because of the broad field of legislation or regulations involved.

Treatment of third-party shipping in the "Wiley" locks

14. United States officials, naturally, could not give any assurances on this point. There is little doubt, however, that this point is more important to Canada since Canada may be dependent to a large extent on foreign vessels for its commerce. This matter is to be studied by officials of both countries before the intergovernmental discussions to be held in the latter part of July. It may be that a rule of non-discrimination will be found to be binding in both countries because of the network of treaties of Friendship, Commerce and Navigation. Assuming this to be so (and assuming that Congress did not over-ride by legislation the United States treaties of this type) Canada may find some comfort in non-discrimination but may well find that foreign (including Commonwealth) vessels carrying Canadian cargoes may be seriously hampered (especially in time of crisis) when using the "Wiley" locks.

Tolls

15. It seemed clear from the discussions on July 5 and 6 that the United States strongly favoured the establishment of tolls on a joint basis. One of the arguments advanced by US officials in favour of the joint toll system was that it might perhaps be possible for them to devote a proportionately greater portion of the revenues from tolls to the St. Lawrence Seaway Authority in consideration of the fact that the Authority would have made a contribution of $15 million towards channel enlargements at the International Section. They did not see off hand how this end could be achieved in the absence of such joint tolls.

16. On the other hand, Canadian officials made it quite clear that although no decision had been taken by the Government on this point it seemed very likely that Canada would favour unilateral tolls as being easier both to establish and to administer.

Continuation of or compensation for 14' navigation

17. In this case, as for the $15 million compensation for the enlargement of channels, the United States might find that, on grounds of equity, a portion of the compensation might be paid to Canada. This compensation, United States officials intimated, could not be paid under the Wiley Act but might possibly be recovered out of joint tolls, but the indication on this score was not very clear.

18. The impression gained from United States officials was that they did not favour the continuation of even a toll-paying 14' system on the Canadian side of the International Rapids Section as this would not only tend to perpetuate an uneco-

nomic mode of transportation but would detract from the possibilities of amortizing the cost of the construction of the "Wiley" locks.

19. Cabinet will wish to decide, in the circumstances, whether 14' navigation facilities in the International Rapids Section will be continued. If the answer is in the affirmative, Cabinet will wish to consider whether it is desirable rather than to rebuild 14' locks, to build at Cornwall a portion of a 27-foot lock. Whether or not 14' navigation is to be perpetuated in this section of the River, it will be a matter for decision by the Canadian Government what lands it desires under the Ontario-Canada Agreement, whether this Agreement is to be re-negotiated and what steps should be taken to water the 14' canal at Cornwall.

20. If Cabinet decided not to continue 14' navigation in the International Rapids Section, a decision should be reached as to what compensation should be asked of the United States in view of Canada's waiver of this compensation as regards the New York State Power Authority while, at the same time, holding the Province of Ontario liable to reconstruct the 14' system.

Assurances

21. United States officials indicated that it would be desirable for Canada and the United States to have an Agreement or understanding whereby neither country would duplicate facilities in the International Rapids Section without first discussing the matter fully with the other country. The reasons advanced for such consultation were that neither country would wish to do anything which would adversely affect the joint investments in the seaway. While such an understanding may not affect fundamentally Canada's freedom of action, it is based on the assumption that the seaway is a joint venture in which the United States acquires a voice. Cabinet will wish to consider whether any assurances are to be given or an understanding is to be reached as to consultation on future developments.

IV. ADVANTAGES AND DISADVANTAGES OF US PARTICIPATION

22. From the Canadian point of view, there appear to be no engineering, economic or navigation advantages in having the international section canals constructed in US territory.

23. It must be remembered that the 1941 agreement was based on the principle that the whole Great Lakes-St. Lawrence basin would be developed on a 50/50 basis by Canada and the United States and it was necessary to allocate the International Section of the St. Lawrence to the United States to compensate for the very extensive work done by Canada in other areas. This convincing argument in favour of US canals has since disappeared. Furthermore, current estimates place the cost of constructing the canals on either side of the boundary at about the same figure, somewhere between $85 and $88 million. Indeed, there is now some indication that, for engineering reasons, the Control Dam at Iroquois may be moved a few miles downstream and, in this eventuality, it is estimated that the canal and lock to by-pass this dam can be constructed in Canada at a cost appreciably below that of constructing these facilities in the United States.

24. However, the fact cannot be escaped that the Wiley Act is one of the very few legislative successes about which the US administration can boast and it would no

doubt be a shock to the US public and particularly to the US administration if the Canadian Government were now to erect difficulties in the way of implementation of that legislation. There may therefore be some advantage to be gained in the interests of harmonious Canada-US relations in not placing too many difficulties in the way of US participation in the construction and operation of a portion of the seaway.

25. It would therefore appear that, from the Canadian point of view, the above is the one single advantage to be gained from US participation in construction of the seaway.

26. There are, however, several important disadvantages to such participation. These are briefly summarized hereunder:

(a) Canada could not be sure of full protection of Canadian and foreign shipping destined to Canadian ports in the Great Lakes.

(b) Some additional expenditure (which may be greater or lesser depending on the nature of the works undertaken) would be required to ensure continued access by water to the various industries, some of which are rather important, along the existing Cornwall canal.

(c) Canada would be losing a transport facility of considerable value which would provide important employment opportunities to Canadian labour.

(d) In the International Rapids Section future industrial expansion would likely be attracted to the United States where seaway navigation facilities were available rather than in Canada where such facilities were not to be had.

(e) An increase in administrative difficulties is only to be expected if the St. Lawrence Seaway is to be subject to two rather than to one national authority.

(f) In view of developments since the Fall of 1951, a majority of Canadian public opinion might react unfavourably if the so-called "all-Canadian" seaway was not now brought to fruition.

V. COST OF CANADIAN 27-FT AND 14-FT NAVIGATION WORKS

27. The estimated cost of the various components of the Canadian 27-ft navigation works, from Montreal to Lake Erie, exclusive of interest and of the $15 million contribution towards enlargement of channels in the International Section, are as follows:

(a) Lachine (no power develop.)	$122,500,000
(b) Beauharnois	47,100,000
(c) Lake St. Francis	4,500,000
(d) International Rapids	
i) Long Sault canal & locks	70,500,000
ii) Iroquois canal & lock	14,500,000
(e) Thousand Islands	2,000,000
(f) Welland canal	2,000,000
Total:	$263,100,000

28. If the United States takes on the construction of the two canals and locks in the International Section and dredging in the Thousand Islands section, the estimated Canadian cost of these works should be deducted from the total of $263.1 million referred to in paragraph 27, but to this reduced total should be added the following expenditures if 14-ft. navigation is to be continued on the Canadian side:

Maintenance of 14-ft. locks and canal at Cornwall	$ 14,300,000
Maintenance of 14-ft. lock and canal at Iroquois	1,000,000
Add reduced amount for 27-ft works	166,100,000
Total:	$181,400,000

29. In the event the government agrees that the United States and not Canada should proceed with at least a portion of the works in the international section of the river, one plan that has commended itself to the Canadian officials concerned would involve US construction of the Long Sault canal and locks — Canadian and US estimates are almost identical on this portion —, Canadian construction of the Iroquois canal and lock since this can be done much more cheaply in Canada and, in addition, excavation of a 27' channel and construction of half a 27' lock in the dyke in Canadian territory just above Cornwall, which works would be linked with the existing 14' canal below the dyke. The cost of proceeding with this 27' construction in the dry would be four or five times less than if undertaken later when levels had been raised in the power pool. Furthermore, this plan would enable the Canadian 27' navigation works to be completed with maximum speed and minimum engineering inconvenience whenever such action appeared to be warranted. The Canadian expenditures involved under this arrangement would be as follows:

Iroquois canal and lock	$14,500,000
Excavation of 27' channel	2,500,000
Half 27' lock in dyke	14,000,000
Link between lock and 14' canal	500,000
Expropriation of lands	4,500,000
	36,000,000
Add other Canadian 27' works	166,100,000
Total:	$202,100,000

The economics of this plan are set out in synoptic form in Appendix "C" hereto.†

30. It should perhaps be noted that two 27' canal systems could be constructed in the International Rapids section — one on either side of the river — at a total cost of approximately $175 million. Although a twin lock canal system capable of handling as much traffic as two separate single canals could be built for appreciably less either in Canada or in the United States, the $175 million referred to above is less than the total costs allocated to navigation in the International Rapids section under the 1941 Agreement. Furthermore, there is every indication that it will be necessary to double the capacity of the single 27' system in a very few years after it has been completed. At that time, of course, thought will also have to be given to doubling the capacity of Welland ($100 million) and Lachine ($40 million).

VI. CONCLUSIONS AND RECOMMENDATIONS

31. The Committee has reached the conclusion that there are two main alternative courses of action open to Canada, the choice of which must be decided on grounds of broad policy, and several important questions of detail to be settled if one of these courses is followed.

32. The main issue is to decide whether Canada should plan to build the Seaway herself in the International Rapids area, finding excuses to delay a definite decision until after the American election in November, or whether agreement should be sought with the United States under which they would build the main canals in this section with adequate safeguards for Canadian interests. This central issue must be

decided mainly in the light of the probable effect which a Canadian decision to "go it alone" would have on Canadian-American relations. All other considerations favour this course of action, but some members of the Committee feel that it would cause very serious harm to the general attitude toward Canada in the Administration and Congress, after the very heavy political effort that has been made to get Congressional approval for what they regard as a cooperative venture. If the United States turned down proposals advanced by Canada that public opinion, and Congress, would regard as reasonable, then it might be possible to go it alone after the election without much danger to general Canadian-American relations. The only issue on which it seems possible to get such a productive disagreement would be a firm stand by Canada that the United States must get immediately (in 1955) authority to make the $15 million payment to the power entities on our behalf, perhaps coupled with insistence on protection of the rights of Canadian shipping in the US canals by a special treaty. By making a firm stand on these two conditions we might succeed in preventing agreement before November and paving the way for a solely Canadian venture.

33. If, on the other hand, it is decided to seek agreement with the United States on an arrangement in which they would participate, it is suggested it might be found along the following lines:

(a) Canada would construct the small canal around the Iroquois dam. The new location of the dam makes this more economical than the present US proposal. By constructing this dam Canada makes it much easier and less expensive at some time in future to have a Canadian seaway by duplicating on the Canadian side the main canal around the power-house when the traffic situation justifies that. Moreover the construction of this dam would justify our paying the $15 million to the power companies, which is for dredging above and below this dam, and to collect tolls on it to pay the cost of such dredging.

The United States could probably not agree to our doing this, as Congress had directed them to do it in the Wiley Act, but they would probably not duplicate it and would accept the situation as leaving them with the main canal, and an essential link in the whole seaway, which is what Congress really wanted.

(b) Canada should ask for United States agreement in principle to the entry into a treaty which would ensure to each country that the other would not put restrictions (other than tolls) on the use of its canals (or boundary waters) more onerous than those imposed by the other country without mutual agreement. This would cover the whole seaway from the Gulf to Lake Superior, and apply to customs, immigration, shipping and security laws and regulations.

The United States may be reluctant to enter into such a treaty, though there is some chance they would agree if it is reciprocal, as proposed above, and perhaps if they received certain assurances regarding security regulations to safeguard against possible introduction of atomic bombs in foreign ships. It might be necessary to restrict the application of this treaty to US and Canadian vessels. If the United States will not agree to a treaty, it will be necessary to decide whether Canada should be satisfied with something less, such as an undertaking to consult before

applying new restrictions, and this decision will presumably depend on how much we wish to secure agreement on a cooperative venture rather than "go it alone".

(c) In regard to tolls, Canada should agree only to study the question of joint versus separate tolls, making no commitment and indicating that at present the Canadian view is that separate tolls are more practical and to be preferred. It appears that the United States Congress was most interested in getting the maximum United States voice in setting of tolls, and the United States may be expected to press for joint tolls, but they have no real argument for this nor bargaining power in getting Canada to agree to it.

(d) Canada should be prepared to give, through the Seaway Authority, the necessary formal assurances that she is proceeding with the rest of the seaway, but should make no undertakings, beyond agreeing to consult in advance, regarding the construction of parallel facilities in future.

(e) The United States should be informed of Canada's intentions with regard to the construction of facilities to continue 14' navigation and prepare in advance for later construction of a full 27' canal on the Canadian side when conditions warrant parallel canals. (The substance of this is discussed below).

34. If it is agreed to proceed cooperatively with the United States, it is necessary then to decide whether or not facilities will be constructed to continue 14' navigation on the Canadian side for the "canallers" and whether, and to what degree, preparation will be made now for building a 27' Canadian canal at Cornwall in the future. On these related matters the Committee's conclusions are as follows:

(a) The construction of 14' navigation is not important enough to justify much expenditure on it, even though Ontario is obligated under its agreement to construct new 14' canals. It is necessary, however, to make some expenditure to keep water flowing in the old 14' canal below the new dam, in front of Cornwall, to serve the industry there and preserve the water table under that city. If, however, certain major works are undertaken now, as proposed below, in preparation for future construction of a 27' canal on the Canadian side, the extra cost of preserving 14' navigation would be quite small and would seem to be justified if the canal at Iroquois were on the Canadian side, as proposed.

(b) The excavation of a 27' channel in the pool above the main dam at the approaches to the future Canadian 27' canal would cost about $2 1/2 million if done before flooding, compared with an estimated $8 million if done by dredging later. Even after allowing for compound interest on the cost, it would seem prudent to undertake this excavation now if there is any chance, as seems to be the case, that Canada will later build a 27' canal. This has the additional value of permitting development of dock facilities for industry and commerce on the Canadian side in the pool immediately above Cornwall.

(c) It also appears prudent, if there is any chance of Canada later constructing a 27' canal at Cornwall, to acquire the land that would be required. Ontario will have some of this land after completing their construction, which they can turn over to us, and could acquire the additional parcels required when they are expropriating the large amounts they need. Canada would have to pay for this additional land, at a cost of perhaps $4 1/2 million now, but will be able to lease it until it is needed, and

the cost of acquiring it later after further development of the area would likely be much higher than the present cost.

(d) The most expensive work involved in preparation for future construction of a Canadian 27' seaway (and continuation of 14' navigation in the meantime) would be the construction, within the large dyke to be built north of the power house dam, of a portion of the upper Cornwall lock eventually required there. This is estimated to cost about $14 million if constructed at the time the dyke is built, and about $17 1/2 million if constructed later. If the 27' canal were not constructed until ten years or more after the preparatory work is done, compound interest on the original cost would exceed the saving due to engineering advantages. On the other hand, however, the existence of this preparatory work and of a Canadian canal at Iroquois would reduce to quite reasonable dimensions the additional cost necessary to finish a 27' canal on the Canadian side at Cornwall when traffic grows to the point where it is justified, or if restrictions on the use of the US canal are found to be a serious obstacle to Canada securing the full benefits of the seaway as a whole. On those grounds the Committee feels warranted in recommending it.

35. If it is decided to continue 14' navigation at Cornwall by making some preparations for 27' navigation, and to put the 27' canal in Canada at Iroquois, Ontario's obligations under her agreement with Canada are complicated and not entirely clear. Moreover, by waiving any claim on New York for a share of the cost of meeting these obligations, Canada has weakened her moral claim for Ontario paying the full cost of continuing 14' navigation. On the whole it would seem reasonable in these circumstances to work out some compromise with Ontario, perhaps by waiving the portion that New York would have paid but for our earlier waiver made in order to secure approval by the International Joint Commission.[130]

R.B. BRYCE

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1306

Washington, July 26, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Our telegram WA-879 of May 19.†

[130] Le Cabinet a examiné ce mémoire le 13 juillet 1954, mais a remis sa décision à une date ultérieure en juillet alors que Saint- Laurent et Harris devraient être présents.
The Cabinet considered this memorandum on July 13, 1954 but deferred decision until late July when St. Laurent and Harris were expected to be present.

ST. LAWRENCE SEAWAY: UNITED STATES PARTICIPATION

During the most recent phase of the St. Lawrence issue we have deliberately refrained from commenting, since we doubted whether we had sufficient knowledge of the engineering and economic problems involved to participate helpfully in the detailed discussions you have been having in Ottawa. However, the memorandum to Cabinet which we understand is to be considered tomorrow makes so many references to possible effects on relations between Canada and the United States of the alternative solutions now being considered that we think you might again wish to have our views before final decisions are taken. You will know better than we whether it would be useful to circulate this message to those in other departments who are concerned with the St. Lawrence Seaway.

2. Of the two alternative courses of action suggested in the memorandum to Cabinet, the first is that Canada should plan to build the Seaway wholly on the Canadian side of the river and to that end should find excuses to delay a definite decision until after the United States elections in November. It is also suggested that it might be possible to find points of "productive disagreement" which would enable Canada after the elections to build the seaway alone without damaging relations between the two countries. We doubt very much whether such sanguine expectations can be justified.

3. In the first place, it would be difficult, almost to the point of impossibility, we think, to conceal until after the November elections are over that Canada was opposed to the United States building the navigation works in the International Rapids Section in accordance with the terms of the recently passed United States legislation. If the Canadian Government were to adopt this alternative course of action, one result would be that no practical steps to get on with building the seaway in the International Rapids Section would be taken on either the Canadian or the United States side until after the 5th of November. Public opinion here — and we imagine in Canada as well — expects that some start, however slight, will be made on the seaway this year. If nothing whatsoever were to be done, that fact, and the reasons for it, would inevitably, we think, be brought to light by one of the many newspapermen here who are interested in the St. Lawrence project and knowledgeable about it. For that reason we think it would be deluded to expect that a decision as to whether the canals in the International Rapids Section should be built by Canada or the United States could be quietly postponed until after November. Such a course, in our opinion, would almost certainly lead to the kind of public outcry in this country which we mentioned as a possibility to be taken into account in our telegram WA-897 of May 19.

4. Intrinsic to this alternative, as we understand it, is the possibility of finding points of "productive disagreement" with the United States which would enable Canada, after the November elections had been held, to announce that it had decided to build the seaway in Canadian territory. These points are defined as positions to be taken by the Canadian Government which the United States Administration could not accept but which would commend themselves as reasonable to United States public opinion and to Congress. Conceivably, such points of disa-

greement might be found. But we are convinced that neither of the points mentioned in the memorandum to Cabinet fall within the terms of definition.

5. It is suggested, first, that, although the Administration almost certainly could not undertake to pay the $15 million for channel enlargement, the equity of Canada's claim that this responsibility should be assumed by the United States if it wishes to build the canals in the International Rapids Section, would be recognized by public opinion in this country. Without questioning the fairness of the Canadian position on this issue, we would despair of presenting it to public opinion here in a way that would seem to provide clear-cut justification for rejecting the United States proposal. Some of us in this mission have had more experience with the labyrinths of the St. Lawrence Seaway than all but a very small proportion of the United States public. But we cheerfully admit that we usually have to hesitate a moment and collect our thoughts before being able to explain, with any degree of clarity, how this $15 million item arose and why it should be paid by the United States. To draw a clear thread of argument through the various complicated agreements in a way that would carry conviction to public opinion in this country would be a disheartening assignment for even the most redoubtable Canadian propagandist, in our opinion.

6. The other Canadian position mentioned as a possible point of "productive disagreement" is perhaps easier to present in simple terms. We would like Canadian ships to pass through the locks on the United States side of the river as if they were passing through Canadian locks. That is understandable enough. But it must be remembered that the United States position is also simple. It runs something like this. "Most of the Canadian wheat that is shipped east from Fort William passes through the MacArthur locks at the Sault in United States territory. You have never experienced any serious difficulty there, so why should you require additional guarantees of unimpeded right of passage through the Wiley Locks? Moreover, what you are seeking is a treaty that is quite unprecedented. Not content with national treatment in the Wiley Locks, you want Canadian law to apply in one strip of United States territory." If the arguments were joined in something like that fashion, as we believe it would be, we doubt very much whether public opinion here could be persuaded that the Canadian case was more reasonable than that advanced by the Administration. Accordingly, we think that both of the points of "productive disagreement" that have been suggested fall to the ground as failing to meet the specifications. In brief, we believe that it would be mistaken to think that negotiations between the two countries could break down on either of these issues without arousing in the United States wide public criticism of Canada.

7. From the point of view of Canadian-United States relations, the second alternative proposed in the memorandum to Cabinet seems to us to be considerably less dangerous. We can see that the proposal to build the Iroquois canal on the Canadian side of the river would have a number of advantages.

(a) It would do something to satisfy those in Canada who believe that an all-Canadian Seaway should be built at all costs.

(b) It would leave less work to be done on the Canadian side of the river if it were decided at some later date to duplicate the canals on the United States side.

(c) It would enable Canada to withdraw its claim that the United States assume responsibility for the $15 million to be paid towards channel enlargement.

(d) The cost of a Canadian canal might be somewhat less than the cost of a United States canal at Iroquois. Moreover, it might prove that, if a Canadian canal at Iroquois were not duplicated across the river, public opinion in the United States would not be disturbed by this change in the programme of construction indicated in the legislation recently passed by Congress. To all but a few initiates, it might then seem that the intent of the legislation was being implemented, since large and important navigation works would be constructed in United States territory and since the United States and Canada would be cooperating in building the Seaway. Nor do we think that those particularly in upper New York State, who might oppose any such modification of the Wiley Scheme, would easily be able to whip up widespread public feeling against it.

8. The situation, however, would be very different if parallel canals were to be built simultaneously at Iroquois. The oddity of such an outcome would be bound to attract widespread notice in the United States, and Canada would be blamed for insisting on duplicating a canal for which full provision had already been made in the legislation approved by Congress. From the conversations which Wershof had in Washington last week, we gather that the lawyers on the United States side are convinced that the St. Lawrence Seaway Development Corporation here could not legally drop such a substantial item as the Iroquois canal from its construction programme. Conceivably, however, the United States authorities might be induced not to go forward with a duplicate canal if confronted in fact with a decision by Canada to build the navigation facilities at Iroquois on the Canadian side. In any case, we think that a decision on the second alternative mentioned in the memorandum to Cabinet should be taken in the full light of the probable consequences on opinion in the United States if the upshot of these negotiations were the construction of all the canals contemplated in the Wiley Legislation and in addition construction of a Canadian canal at Iroquois.

9. We of course agree that Canada should reserve the right to construct 27' canals on the Canadian side of the river at any time that they may be required by the needs of traffic in the St. Lawrence either because of growth in the volume of tonnage or because of any other developments that may be operating to deprive Canada of the full benefits of the Seaway.

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Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], July 28, 1954

ST. LAWRENCE SEAWAY; PROPOSAL FOR U.S. PARTICIPATION

3. *The Prime Minister*, referring to discussion at the meeting of July 13th, said that legal officers of the Canadian and U.S. governments had met in Washington on July 23rd, to elucidate legal problems involved in the draft agenda for the forthcoming intergovernmental meetings on the United States proposal to participate in the construction and operation of the St. Lawrence Seaway. It seemed clear, from the reports which had been received of these meetings, that there was practically no chance of obtaining U.S. ratification of a treaty which would guarantee to Canadian and other shipping destined to Canadian ports in the Great Lakes treatment no more onerous than that which applied to U.S. shipping in Canadian canals.

Notwithstanding this, it was important not to turn down on unreasonable grounds the U.S. proposal for participation in construction of the St. Lawrence Seaway. It should always be borne in mind that, legally at least, it might be possible for the U.S. Administration to have cancelled the licence granted by the Federal Power Commission to the New York State Power Authority. If this were to come about, there would be no Seaway since the power project was an essential prerequisite to its construction.

The Wiley Act was predicted on the principle of co-operation between the St. Lawrence Seaway Authority and the United States Seaway Corporation. Such co-operation could obviously only take place in the International Section of the St. Lawrence River. Consequently, if the United States found it impossible to assume responsibility for the contribution of $15 million towards certain channel excavations to be undertaken by the power entities in this Section, then it seemed to him that the Canadian government would be justified in informing the United States that Canada would construct the short canal and lock required to by-pass the Iroquois control dam and would collect sufficient tolls on this canal to amortize its cost plus the $15 million contribution during the 50-year period prescribed by the St. Lawrence Seaway Authority Act. The Iroquois canal and lock could be constructed in Canadian territory for something less than $14 million. This would still leave the main canal and locks and the power houses to be built by the United States at a cost of approximately $70 million. If this were done, he did not think that there was any real need to continue the 14-foot canal system at Cornwall, beyond ensuring continued access by water to the industries located along the banks of this canal, nor to do, now certain preparatory works required to provide eventually a second 27-foot system on the Canadian side at Cornwall.

4. *In the course of discussion*, the following points emerged:

(a) The United States legal officers who had participated in the Washington discussions of July 23rd, (Mr. Brucker, General Counsel of the Department of Defence; Mr. Rankin, Assistant Attorney General; and Mr. Yingling, of the U.S. State Department) had been rather unreceptive to the suggestion that Canada might construct the Iroquois canal and retain responsibility for the $15 million contribution. They had pointed out that the Wiley Act not only authorized but directed the U.S. Corporation to construct all the navigation facilities in the international section and to do the dredging required in the Thousand Islands. In the circumstances, they did not see how the United States could agree to forego construction of the

Iroquois canal. Notwithstanding this attitude of the U.S. legal officers, it was suggested that the United States might be informed that the Canadian government proposed to construct the navigation works at Iroquois and, if such construction were indeed undertaken by Canada, it was thought that the United States would likely not proceed with construction of duplicate facilities in U.S. territory.

(b) Although it had been indicated to U.S. officials participating in the Canada-United States discussions of July 5th and 6th in Ottawa that the Canadian government would likely favour unilateral tolls in preference to a joint toll system, it might be possible to reach an agreement on the relative relationship of tolls to be imposed on various commodities, it being understood that actual rates would be determined independently by each authority, taking into account the total capital investment and operating and maintenance charges to be amortized. It was noted that although the Wiley Act stipulated that a rather complicated procedure of public hearings and appeals would apply to unilateral tolls, no provision was made for the application of this procedure to joint tolls. On the other hand, it was suggested that it would perhaps be in the best interests of Canada to have the tolls fixed unilaterally, as it would then be possible for the Seaway Authority to fix its own tolls within the framework of its governing statute without any interference by the U.S. Corporation. Unilateral tolls would have the added advantage of avoiding the complications which might arise if an attempt were made to establish an agreed international toll structure. In any event, for bargaining purposes at least, it would seem preferable to suggest to the United States, in the first instance, that the Canadian government favoured unilateral tolls.

(c) It seemed unlikely that the United States could or would ratify a treaty which would ensure that Canadian shipping in U.S. canals would be subject to treatment and conditions no more onerous than those which applied to U.S. shipping in Canadian canals. However, it would probably be possible to reach an executive agreement with the United States to the effect that neither government would make any change in its own rules governing navigation in the Seaway without prior consultation with the other.

(d) There was some indication that a majority of Canadians favoured construction of the Seaway entirely in Canada. In the circumstances, it was for consideration whether it would not be possible to delay decision in this matter until after the forthcoming Congressional elections, when a decision to proceed with the all-Canadian Seaway could be taken with minimum adverse political effect in the United States.

(e) There might be some delay in completion of the Seaway if the Province of Quebec delayed much longer its decision as to whether or not it would participate in the construction of a joint power-navigation project at Lachine. In the circumstances, Canada should hasten preparation of the engineering plans for construction of the navigation works alone and then inform the Premier of Quebec that if he did not feel disposed to proceed now with the power project, the Canadian government would immediately commence independent construction of the navigation works.

(f) There seemed to be no doubt that, under the terms of the Constitution, the bed and foreshore of that portion of the St. Lawrence River lying within the boundaries

of the Province of Quebec belonged to the Crown in the right of the province. However, from decisions which had been rendered in the past by the Judicial Committee of the Privy Council, it seemed clear that the Federal government could expropriate provincial property for works which were to the general benefit of Canada.

(g) It was noted that the forthcoming intergovernmental meeting with the United States would be held in Ottawa on Thursday, August 12th. It had been ascertained that U.S. Secretary of Defence Wilson would not attend and it was very unlikely that U.S. Secretary of State Dulles would find it possible to participate in the talks. In all likelihood, the U.S. delegation would be headed by Deputy Secretary of Defence Anderson.

5. *The Cabinet*, noted the various suggestions made during the course of discussion, of the stand to be taken by Canada during the forthcoming intergovernmental meeting on United States participation in the construction and operation of the St. Lawrence Seaway and agreed that, as a minimum position, the Canadian representatives should indicate that the Canadian government proposed to construct in Canada the short canal and lock to by-pass the Iroquois control dam and to collect, in tolls, revenues sufficient to amortize the cost of this dam plus the $15 million to be contributed by the St. Lawrence Seaway Authority towards channel excavations to be undertaken by Ontario Hydro and the New York State Power Authority in the International Section of the River.

...

574. PCO

Note du secrétaire du Cabinet pour le Cabinet

Memorandum from Secretary to Cabinet to Cabinet

CABINET DOCUMENT NO. 174-54 Ottawa, August 9, 1954

CONFIDENTIAL

ST. LAWRENCE SEAWAY PROJECT

The Secretary of State for External Affairs has asked that the documents listed hereunder and appended hereto relating to the St. Lawrence Seaway Project be circulated for consideration:

(a) Draft memorandum of instructions to Canadian representatives who will participate in the August 12 discussions with U.S. representatives;

(b) Draft aide-mémoire on Canadian position; and

(c) Draft Note to modify Notes exchanged on June 30, 1952.

Also attached is a summary showing the estimated costs involved in the various courses of action that might be followed in connection with the continuance or

discontinuance of existing 14-ft facilities at Cornwall in the event the main 27-ft navigation facilities are constructed in U.S. rather than in Canadian territory.

R.B. BRYCE

[PIÈCE JOINTE/ENCLOSURE]

Projet de note

Draft Memorandum

CONFIDENTIAL [Ottawa], August 9, 1954

DRAFT MEMORANDUM OF INSTRUCTIONS TO THE CANADIAN NEGOTIATORS in anticipation of the talks to be held at Ottawa with United States representatives on the St. Lawrence Seaway on August 12, 1954

Purpose of the Meeting

The object of the United States representatives is to secure the concurrence of the Canadian Government in the construction, operation and maintenance of all the navigation works in the International Rapids Section of the St. Lawrence River on United States soil in accordance with the Wiley Act.

2. The object of the Canadian negotiators will be to seek a satisfactory modification of the International Arrangements now existing between Canada and the United States (embodied mainly in an Exchange of Notes dated June 30, 1952) in order to meet as far as possible the United States wishes while protecting, at the same time, the essential Canadian interests. (The minimum requirement for the protection of these interests is that Canada build the canal and lock at Iroquois.)

(Possible alternatives—new portions underlined)

Alternative A

The minimum requirement for the protection of these interests is that Canada build the canal and lock at Iroquois, acquire now the necessary lands in the International Rapids Section for the future construction of 27-foot facilities in Canada, water the 14-foot canal and build a turn-around basin at Cornwall.

Alternative B

The minimum requirement for the protection of these interests is that Canada build the canal and lock at Iroquois, acquire now the necessary lands in the International Rapids Section and do now some excavations for future 27-foot facilities in Canada, water the 14-foot canal and build a turn-round basin at Cornwall.

Alternative C

The minimum requirement for the protection of these interests is that Canada build the canal and lock at Iroquois, acquire now the necessary lands in the International Rapids Section and do now some excavations for future 27-foot facilities in Canada and continue 14-foot navigation facilities through the International Rapids Section.

Alternative D

The minimum requirement for the protection of these interests is that Canada build the canal and lock at Iroquois, acquire now the necessary lands in the International Rapids Section and do now some excavations for future 27-foot facilities in Canada, continue 14-foot navigation facilities through the International Rapids Section and build part of a 27-foot lock at Cornwall.

General Considerations

3. Under the present Arrangements of June 30, 1952 for the construction in Canada of the whole Seaway between Lake Erie and Montreal, Canada would have complete control of St. Lawrence Basin commerce destined to and from Canada and the United States. If the "Wiley" works are to be built, it appears that, because of the inability of the United States to give additional treaty guarantees satisfactory to Canada, Canadian shipping and trade passing through the "Wiley" canals will be entirely subject to United States laws and regulations notwithstanding that by far the larger part of the St. Lawrence navigation system will have been built by Canada and that, in any event, Canada could build the whole 27-foot Seaway physically in its own territory while the United States could not.

4. It is probable that the United States negotiators will seek to diminish the importance of the International Arrangements of June 30, 1952. They are likely to argue that the Canadian undertakings then given were unsolicited and unilateral Canadian Acts. This is contrary to the facts. United States officials in 1951 declared that if the United States were to agree in a joint development of the power phase, Canada must undertake to develop all the seaway in Canada. Indeed, in a Note of January 11, 1952, the United States Secretary of State said that should Congress not approve the 1941 Agreement soon, the United States would join Canada in referring the project to the International Joint Commission "*on the understanding*" that the Canadian Government was prepared to proceed with the construction of the Seaway as soon as appropriate arrangements could be made for the construction of the power phase. In the June 30, 1952 Exchange of Notes, Canada informed the United States that when "all arrangements have been made to ensure the completion of the power phase of the St. Lawrence Project" Canada would construct the locks and canals on the Canadian side of the boundary between Lake Erie and Montreal. This undertaking was supplemented by two additional ones. By the first, the New York State Power Authority was relieved of the cost of reimbursing Canada for half of the cost of the destruction of the 14' canal (i.e. about $7 1/2 million though Ontario probably is still bound to pay either this amount or the whole cost under the Ontario-Canada Agreement of 1951). By the second undertaking, Canada agreed to contribute $15 million toward channel enlargements. On the same day, namely, June 30, 1952, the Acting United States Secretary of State declared that his "*Government approves the arrangements set forth in your Note*". This clearly constitutes an International Arrangement between both countries whereby Canada shall build the whole Seaway between Lake Erie and Montreal. It is this Arrangement which the Canadian negotiators will be asked to modify in order to allow the United States to build part of this Seaway on United States territory and to provide,

at the same time, satisfactory guarantees for shipping, either Canadian or destined to and from Canadian ports.

Tactics

5. As agreed at the meeting of officials held in Ottawa on July 5 and 6, the draft agenda for the meeting of August 12 will be the following:

DRAFT AGENDA

1. Opening statements.
2. Assurances required under the Wiley Act.
3. Contribution of $15 million to power entities towards meeting cost of channel enlargements.
4. Provision of 14' canals in Canadian territory.
5. General views regarding policy of separate or joint tolls.
6. Agreement on consultation before navigation works are duplicated by either country.
7. Navigation rights and conditions on which vessels may use canals in International Section.
8. Effects of modified arrangements on legal situation in the light of US and Canadian legislation and International Joint Commission Order.
9. Possibility of a new Canada-US agreement to embody modified arrangements.
10. Expectation of timing of construction programme.
11. Other business.

6. From the information now at hand, it appears almost certain that the United States will not be able to give a firm undertaking to contribute $15 million to the power entities; it will not favour the perpetuation of the 14' canals in Canadian territory; it will advocate joint tolls; it will seek an Agreement for consultation before duplicate navigation works are begun in either country in the International Rapids Section; and, most important, it will be unable to give satisfactory guarantees for navigation rights.

7. In these circumstances, the Canadian negotiators should state that the Canadian Government fully appreciates the difficulty in which the United States Government is placed by the very terms of the Wiley Act and, of course, by the political situation in the United States and that the Canadian Government is therefore anxious to meet the United States' wishes within reasonable limits. However, in view of the inability of the United States to meet more important Canadian requests, particularly those related to navigation rights, to the $15 million contribution and to compensation for the loss of 14-foot navigation to be sustained by Canada, and in view of the political situation in Canada, the Canadian negotiators should indicate that the Canadian Government cannot do more than agree to modify the Arrangements contained in the Exchange of Notes of June 30, 1952, in the following sense:

The Canadian Government will construct all the necessary 27-foot navigation works between Lake Erie and the port of Montreal on the Canadian side of the International Boundary as nearly as possible concurrently with the completion of the power phase of the St. Lawrence Project with the exception of the dredging in the Thousand Islands Section and the construction of a side canal with

one guard gate and two locks for 27' navigation in the vicinity of Barnhart Island. In agreeing to forego its undertaking and obligations under the existing Arrangements, the Canadian Government wishes to declare that, as soon as it considers that traffic conditions warrant (e.g. if physical capacity becomes inadequate or if movement of Canadian shipping or trade were otherwise seriously impeded), its present intention is to duplicate 27-foot navigation facilities on Canadian soil in the vicinity of Barnhart Island. In other respects the Notes of June 30, 1952, shall remain unchanged. Canada will make the contribution of $15 million towards channel enlargements and recover this amount out of tolls assessed against the Iroquois works.

(*Possible additions — new portions underlined*)

Alternative A: "Canada intends to acquire lands now in the International Rapids Section necessary for the future construction of 27-foot navigation facilities in Canada and to water the 14-foot canal and build a turn-round basin at Cornwall."

or

Alternative B: "Canada intends to acquire lands and to do some preliminary excavation work now in contemplation of the eventual construction of 27-foot navigation facilities on the Canadian side of the International Rapids Section. It also intends to water the 14-foot canal and build a turn-round basin at Cornwall."

or

Alternative C: "Canada intends to acquire lands and to do some preliminary excavation work now in contemplation of the eventual construction of 27-foot navigation facilities on the Canadian side of the International Rapids Section. It also intends to continue 14-foot navigation facilities through this Section.

or

Alternative D: "Canada intends to acquire lands and to do some preliminary excavation work now in contemplation of the eventual construction of 27-foot navigation on the Canadian side of the International Rapids Section. It also intends to continue 14-foot navigation facilities through this Section and to build now part of a 27-foot lock at Cornwall."

8. The modifications of the June 30, 1952 Notes set out above satisfy the spirit of the Wiley Act which is to cooperate with Canada in the construction of the Seaway and at the same time meet the essential minimum requirements of the Canadian Government.

9. An Aide-Mémoire along the lines of Annex A might be given to the United States negotiators during the talks in order to set forth in a more permanent form the Canadian views.

10. It might also be desirable at some point in the talks to give to the United States negotiators a draft Note amending the arrangements of June 30, 1952. A suggested draft Note is shown as Annex B.

11. The reaction of the United States negotiators to the Canadian proposals may take either of the following forms:

(a) They may say that the Administration cannot undertake *any* navigation works in the International Rapids Section until Congress has approved an amendment to the Wiley Act foregoing to build at Iroquois;

(b) They may say that, regardless of the Canadian decision to build at Iroquois, the Wiley Act directs the Administration to build a canal and a lock at Iroquois as well;

(c) They may say that the Administration is prepared to note the Canadian decision and to seek legislation to amend the Wiley Act at the next session of Congress.

12. It is unlikely that the United States representatives will be able to accept the Canadian proposals without reference to Secretary Dulles and to the President. Indeed, it may not be possible for the United States Administration to do anything but note the Canadian proposals. The Canadian negotiators should try to persuade the United States delegation to accept the Canadian proposals or, at least, to note them and to urge upon the President and the Secretary of State the desirability of seeking an amendment to the Wiley Act if they consider this necessary to ensure the construction of the Iroquois works in Canada. (This should not cause, or be allowed to cause, delay in the overall completion of the Project.)

13. While the Canadian delegation should keep an open mind on the question of joint or separate tolls, and the Canadian Seaway Authority should be prepared to give, at an appropriate time (but not until an inter-governmental Agreement has been reached) the assurances desired under the Wiley Act, the Canadian negotiators should seek to obtain an Executive Agreement from the United States Administration that each government will endeavour to avoid any action which would adversely affect the trade or shipping of the other and will consult the other before any legislation is enacted or regulations passed which shall directly affect the commercial interests of either country in the International Rapids Section. The Canadian negotiators should also be prepared to agree to mutual consultation before navigation works are duplicated in either country. The draft Note in Annex B covers these points.

[ANNEXE A/ANNEX A]

Projet d'aide mémoire

Draft Aide Mémoire

RESTRICTED [Ottawa], August 9, 1954

During a meeting with the Prime Minister of Canada on September 28, 1951, President Truman agreed to the construction by Canada of 27-foot navigation works in the St. Lawrence Seaway between Lake Erie and Montreal if it were not possible to achieve joint development of the whole Great Lakes-St. Lawrence Basin on the basis of the 1941 Agreement. In December 1951, by the enactment of the St. Lawrence Seaway Authority Act, the Canadian Parliament authorized the construction, operation and maintenance of facilities for those 27-foot navigation facilities between Montreal and Lake Erie.

2. On January 11, 1952, the United States Government declared in a Note that it would co-operate with Canada in referring the power phase of the St. Lawrence Project to the International Joint Commission on the understanding that the Canadian Government was prepared to proceed with the construction of the Seaway as a solely Canadian undertaking as soon as appropriate arrangements had been made for the construction of the power phase.

3. By an Exchange of Notes of June 30, 1952, the United States and Canadian Governments confirmed the undertaking by Canada to construct the remaining locks and canals necessary for uninterrupted 27-foot navigation between Lake Erie and Montreal on the Canadian side of the boundary. At the request of the United States Government, Canada supplemented this undertaking by two additional ones. In the first undertaking the New York State Power Authority was relieved of the cost of reimbursing Canada for half of the cost of the destruction of the 14-foot canal system. The second undertaking was that Canada should contribute $15 million towards the channel enlargements in the International Rapids Section.

4. On May 13, 1954, the President of the United States signed Public Law 358, known as the Wiley Act. Under this Act, the United States St. Lawrence Seaway Development Corporation is authorized and directed to construct a 27-foot deep waterway in the International Rapids Section of the St. Lawrence River.

5. Although the Canadian Government would prefer to construct the remaining works necessary for 27-foot navigation entirely on Canadian territory and is empowered to do so under the Canadian legislation referred to above, it is understood that the United States Government considers that, under Public Law 358, it is mandatory for it to construct on United States territory all the navigation facilities in the International Rapids Section. As the United States Government knows, Canada desires that Canadian shipping and trade moving to and from Canadian ports should pass through the proposed "Wiley" canals and locks on a basis no more restrictive than would be applicable in similar Canadian works. The Canadian Government understands that the United States could not give treaty guarantees of this nature. It is understood further that the United States cannot reimburse Canada for the $15 million which Canada is now committed to contribute towards channel enlargements, and also that the United States is unable to make a contribution towards a continuation of, or to make compensation for, the destruction of the 14-foot navigation facilities owned by Canada on the Canadian side of the International Rapids Section.

6. In these circumstances the Canadian Government is prepared to modify the Arrangements contained in the Exchange of Notes of June 30, 1952, in the following sense:

The Canadian Government will construct all the necessary works for uninterrupted 27-foot navigation between Lake Erie and the port of Montreal on the Canadian side of the International Boundary as nearly as possible concurrently with the completion of the power phase of the St. Lawrence Project *with the exception* of the dredging in the Thousand Islands section and the construction of a side canal with one guard gate and two locks for 27-foot navigation in the vicinity of Barnhart Island. In agreeing to forego its undertaking and obligation under the existing

Arrangements, the Canadian Government wishes to declare that as soon as it considers that traffic conditions warrant, its present intention is to duplicate 27-foot navigation facilities on Canadian soil in the vicinity of Barnhart Island. In other respects the Notes of June 30, 1952, remain unchanged. Canada will make the contribution of $15 million towards channel enlargements and recover this amount out of tolls assessed against the Iroquois works.

(*Possible additions — new portions underlined.*)

Alternative A: Add: "Canada intends to acquire lands now in the International Rapids Section necessary for the future construction of duplicate 27-foot navigation facilities in Canada and to water the 14-foot canal and build a turn-round basin at Cornwall."

or

Alternative B: "Canada intends to acquire lands and to do some preliminary excavation work now in contemplation of the eventual construction of 27-foot navigation facilities on the Canadian side of the International Rapids Section. It also intends to water the 14-foot canal and build a turn-round basis at Cornwall."

or

Alternative C: "Canada intends to acquire lands and to do some preliminary excavation work now in contemplation of the eventual construction of 27-foot navigation facilities on the Canadian side of the International Rapids Section. It also intends to continue 14-foot navigation facilities through this Section.

or,

Alternative D: "Canada intends to acquire lands and to do preliminary excavation work now in contemplation of the eventual construction of 27-foot navigation facilities on the Canadian side of the International Rapids Section. It also intends to continue 14-foot navigation facilities through this Section and to build now part of a 27-foot lock at Cornwall."

7. The Canadian Government considers that the modification of the Arrangements outlined in paragraph 6 above respects the spirit of the Wiley Act which is to participate with Canada in the construction and operation of the St. Lawrence Seaway and, at the same time, meets the essential minimum requirements of Canada.

[ANNEXE B/ANNEX B]

Projet de note du secrétaire d'État aux Affaires extérieures pour l'ambassadeur des États-Unis

Draft Note from Secretary of State for External Affairs to Ambassador of United States

CONFIDENTIAL [Ottawa], August 9, 1954

I have the honour to refer to the Exchange of Notes of June 30, 1952 between the Canadian Ambassador in Washington and the Acting Secretary of State of the United States in which it was agreed that the Canadian Government would, when all arrangements have been made to ensure the completion of the power phase of the St. Lawrence Project, construct locks and canals on the Canadian side of the

International Boundary to provide for uninterrupted 27-foot navigation between Lake Erie and the Port of Montreal.

2. Subsequently, with the cooperation of the Government of the United States, arrangements were made to ensure the completion of the power phase of the Project by the New York State Power Authority and the Ontario Hydro Electric Power Commission. Accordingly the Canadian Government has been ready and indeed anxious to carry out its obligation to provide 27-foot navigation on Canadian territory from Lake Erie to the Port of Montreal. In the meantime, however, the Congress of the United States enacted, and the President of the United States approved on May 13, 1954, Public Law 358, known as the Wiley Act, which created the Saint Lawrence Seaway Development Corporation and directed it to construct 27-foot navigation works on the United States side of the International Rapids Section of the St. Lawrence River.

3. At the request of the United States Government, representatives of our two governments held meetings in July and August of this year to discuss how best to reconcile the requirements of the Wiley Act with the undertaking of the Canadian Government approved by the United States and set forth in the Exchange of Notes of June 30, 1952. Although the Canadian Government would be pleased to complete the remaining works necessary for 27-foot navigation in the St. Lawrence Seaway in Canadian territory, it understands the desire of the United States to construct a part of the Seaway Project in United States territory. Accordingly, the Canadian Government is prepared to modify the arrangements set forth in the Notes of June 30, 1952 in the sense that the Canadian Government will construct all the necessary 27-foot navigation works between Lake Erie and the Port of Montreal on the Canadian side of the International Boundary as nearly as possible concurrently with the completion of the power phase of the St. Lawrence Project with the exception of the dredging in the Thousand Islands Section and the construction of a side canal with one guard gate and two locks for 27-foot navigation in the vicinity of Barnhart Island.

4. It is understood that the United States will undertake the necessary remaining work in the Thousand Islands and International Rapids Sections in accordance with the Wiley Act, that this will be done as nearly as possible concurrently with the completion of the power phase of the St. Lawrence Project and that the Canadian Government is to be relieved of the obligation towards the United States Government set forth in the Exchange of Notes of June 30, 1952 to provide 27-foot navigation facilities in the Thousand Islands Section and in the vicinity of Barnhart Island.

5. The Canadian Government fully reserves the right the build at any future time 27-foot navigation facilities on the Canadian side of the International Rapids Section. As soon as traffic conditions warrant, the Canadian Government intends to complete duplicate 27-foot navigation facilities on the Canadian side of the International Rapids Section. Before doing so, however, the Canadian Government intends to consult the United States Government and understands that should the United States Government intend to build additional facilities of this nature on United States territory, it would similarly consult the Canadian Government.

(*Possible additions — new portions underlined.*)

Alternative A: "In the meantime, the Canadian Government intends to acquire lands now in the International Rapids Section necessary for the future construction of 27-foot navigation facilities in Canada and to water the 14-foot canal and build a turn-round basin at Cornwall."

or

Alternative B: "In the meantime, the Canadian Government intends to acquire lands and to do some preliminary excavation work in contemplation of the eventual construction of 27-foot navigation facilities on the Canadian side of the International Rapids Section. It also intends to water the 14-foot canal and build a turn-round basin at Cornwall."

or

Alternative C: "In the meantime, the Canadian Government intends to acquire lands and to do some preliminary excavation work in contemplation of the eventual construction of 27-foot navigation facilities on the Canadian side of the International Rapids Section. It also intends to continue 14-foot navigation through this Section."

or

Alternative D: "In the meantime, the Canadian Government intends to acquire lands and to do some preliminary excavation work in contemplation of the eventual construction of 27-foot navigation facilities on the Canadian side of the International Rapids Section. It also intends to continue 14-foot navigation facilities through this Section and to build now part of a 27-foot lock at Cornwall."

6. In order to obtain the consent of the United States Government to a joint application to the International Joint Commission for the power phase of the Project, and on the understanding that the United States agreed that the 27-foot navigation facilities in the International Rapids Section were to be built in Canada, the Canadian Government undertook, in the Exchange of Notes of June 30, 1952, to contribute $15 million towards the cost of the channel enlargements which the power-developing entities must undertake in the International Rapids Section. The Order of Approval issued by the International Joint Commission on October 29, 1952, also placed this obligation on Canada. The Canadian Government is prepared to honour this undertaking and will recover this amount by charging appropriate tolls to be assessed against the Iroquois works. The Canadian Government also understands that it would be impracticable to seek to modify the further undertaking contained in the said Exchange of Notes and in Order of Approval regarding compensation for 14-foot navigation. While the power entities are obliged to continue facilities for 14-foot navigation during construction, Canada shall not seek to have the said Notes or Order changed as regards compensation for 14-foot navigation.

7. Most of the length of the St. Lawrence Seaway will of course be in Canadian territory and most of its cost will be borne by Canada. In view of this and of the vital role of the Seaway in the economy of Canada, it is of great importance to Canada that no restrictions should be placed on Canadian shipping or trade on the United States part of the Seaway in the International Rapids Section. It is understood that both governments will endeavour to avoid placing restrictions on the

transit of passengers, shipping or trade in the International Rapids Section. It is further understood that the United States Government is prepared to undertake to consult fully with the Canadian Government before imposing or enforcing, in the United States part of the Seaway, any important regulations which may affect Canadian shipping or shipping of third-country registry proceeding to or from Canada. For its part, the Canadian Government reciprocally undertakes to consult with the United States Government before imposing or enforcing in the International Rapids Section any important new regulations affecting United States shipping. It is, of course, understood that both governments will continue to abide strictly by the terms of the treaties now in force between them affecting shipping in the St. Lawrence River and canals, notably Article I of the Boundary Waters Treaty of 1909.

8. I should be glad to receive your confirmation that the United States Government agrees with the position set forth in this Note.

575. PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET [Ottawa], August 11, 1954

ST. LAWRENCE SEAWAY PROJECT

5. *The Secretary of State for External Affairs*, said that discussions between representatives of the Canadian and U.S. Governments would begin the following day.

The Minister recalled that at the meeting of July 28th, 1954, it had been agreed that Canadian representatives should inform the American negotiators that Canada would undertake the construction in Canadian territory, of the canal and lock at Iroquois and that tolls would be imposed on Canadian navigation works at a level sufficient to amortize not only the cost of those works but also the $15 million contribution by the Seaway Authority towards certain channel excavation to be undertaken in the International Section by the Ontario Hydro and the New York State Power Authority. No firm decision, however, had been reached on the question of whether tolls should be jointly or separately determined or on the question of what, if anything, should be done to continue existing 14-foot facilities at Cornwall. No decision need perhaps be taken at this time concerning tolls but there might be some advantage in reaching at least tentative conclusions as to the government's intentions regarding 14-foot navigation works at Cornwall while considering the instructions to be given to those negotiating with the United States.

The Minister submitted drafts of instructions, an aide mémoire and a possible note to be given United States; these included four alternative courses of action that might be followed in connection with the continuation of 14-foot navigation.

Under the first, 14-foot navigation would not be continued but provision would be made to water the existing canal below the power dyke and to build a turning

basin in order to allow access by water from the lower end of the canal to the industries located along the canal banks. In addition, the Canadian government would now purchase the lands required eventually for completion of a 27-foot system in the vicinity of Cornwall.

Under the second alternative Canada would water the 14-foot canal, build a turning basin at Cornwall, acquire the lands required eventually for 27-foot navigation, and make, at this time, certain excavations for future 27-foot facilities in the land to be flooded just above Cornwall.

The third plan involved all the features of the second alternative plus the construction of a 14-foot lock in the dyke in order to combine 14-foot navigation on the Canadian side around the main dam.

The last alternative included all the features of the fourth except that, instead of building a 14-foot lock in the dyke, provision would be made now for a short 27-foot lock which could be extended to full size whenever 27-foot facilities were completed in the Cornwall area.

An explanatory memorandum had been circulated.

(Secretary's memorandum Aug. 9, 1954 — and attached draft instructions, aide mémoire and note — Cab. Doc. 174-54).

6. *In the course of discussion*, the following points emerged:

(a) It seemed desirable to acquire, at this time, the lands which would be required eventually for completion of 27-foot facilities on the Canadian side of the river. The cost of acquiring these lands should not however be amortized out of toll revenue and should be considered, until such time as they were actually used for waterway purposes, as a real-estate investment by the government through the Authority.

(b) It was argued, on the one hand, that Canadian public opinion might react unfavourably if 14-foot navigation were not continued. On the other hand, it was suggested that the industries located along the banks of the Cornwall canal could be serviced adequately from the lower entrance of the canal provided a turning basin were built below the power dyke. In any event it did not seem possible to continue a toll-free 14-foot system and the present users of the canal might object if tolls were now to be imposed on this canal.

(c) It should be made perfectly clear to the Americans that Canada fully reserved its right to complete 27-foot navigation entirely in Canadian territory at any time in the future that traffic or other conditions made such action appear desirable.

(d) It was pointed out that the much talked of mutual understanding and friendly cooperation between Canada and the United States were not empty words and that Canada should, therefore, attempt to meet, as far as possible, the wishes of the United States Administration in carrying out the provisions of the Wiley Act provided Canadian interests were fully protected.

7. *The Cabinet* approved in general the instructions proposed by the Secretary of State for External Affairs to be given those meeting with the United States representatives, and agreed,

(a) that during the course of the Canada-U.S. discussions to begin the following day on the proposal that the United States participate in the construction and opera-

tion of the St. Lawrence Seaway, the American representatives be informed that if the United States could not meet the more important Canadian requests, particularly those relating to navigation rights and to the $15 million contribution towards channel excavations, the Canadian government proposed to construct the canal and lock at Iroquois in Canadian territory, and to fix tolls on Canadian navigation works at a level sufficient to amortize not only the cost of these works but also the $15 million contribution by the Seaway Authority towards channel excavations in the International Rapids Section; and,

(b) that if the 27-foot navigation works at Barnhart Island were to be constructed in U.S. territory, it would be sufficient to water the existing 14-foot canal at Cornwall and to build a turning basin at the upper end of that canal below the dyke; and

(c) that the lands required eventually for a 27-foot system at Cornwall be purchased new but that the cost of acquisition be not amortized out of toll revenue until such time as the lands were actually used for navigation facilities;

it being understood that the government's intentions set out in (b) and (c) above need not, at this time, be communicated to the United States.

...

576. DEA/1268-D-40

Note du chef de la Direction de l'Amérique

Memorandum by Head, American Division

[Ottawa], August 18, 1954

ST. LAWRENCE SEAWAY

Following information that Mr. Anderson was "seriously disturbed" about certain aspects of the Canadian Press Release, I ascertained from Mr. George Vest (and passed this information on to Mr. Wershof) what the points were which were bothering Mr. Anderson.

2. The points are three in number: viz., those three points which the Canadian Government was making in the Press Release.[131] Mr. Anderson hoped personally that the Canadian Government's hope that the United States would decide not to build at Iroquois would not be put in writing. Mr. Anderson, in the second place, did not really like the way in which it had been stated that the Canadian Government would be informed that the United States would build the works at Barnhart Island and in the Thousand Islands section; it left the implication that the United States would not build at Iroquois. The third point was that Mr. Anderson did not like the singling out of the hampering of Canadian traffic as one factor which might cause us to build parallel works in the International Rapids Section.

3. I expressed to Mr. Vest the hope that Mr. Bliss' representations would be cast against the background of Mr. Anderson's statement that if Canada agreed to the

[131] Voir/See Documents 577-578.

U.S. modification in the Canadian draft Note, Canada would be free to make whatever press statements it thought proper.

4. I also made to George Vest the point that were the representations not coming from his country and by Don Bliss, we would normally not have entertained such representations because the Press Release was made available for the United States Government to see and not to comment on, as had been distinctly understood by us. I added that it put me in an awkward position because I had let them see the Press Release sooner than I had been instructed. George Vest rested assured that on future occasions and in similar circumstances I would not let them see a draft Press Release much before release time.

E.A. CÔTÉ

577. PCO

Extrait des conclusions du Cabinet
Extract from Cabinet Conclusions

TOP SECRET [Ottawa], August 18, 1954

ST. LAWRENCE SEAWAY; MODIFIED ARRANGEMENTS WITH THE UNITED STATES REGARDING 27-FOOT NAVIGATION WORKS IN THE INTERNATIONAL SECTION

8. *The Secretary of State for External Affairs*, referring to discussion at the meeting of August 11th, reported on discussions which had taken place between representatives of the Canadian and United States governments on August 12th, 13th and 14th, regarding the possibility of modifying the international arrangements embodied in the Notes exchanged with the United States on June 30th, 1952, in order to enable the United States to participate in the construction and operation of the deep waterway in the International Section of the St. Lawrence River.

It became apparent, early in the discussions, that it would not be possible for the U.S. government to meet Canadian wishes with regard to navigation rights and to the $15 million contribution towards channel excavations which would be undertaken by the power entities in the bed of the river. In the circumstances, the U.S. representatives had been informed that the Canadian government intended to construct, forthwith, a canal and lock in Canadian territory in the vicinity of Iroquois, but that it was prepared to modify the arrangements of June, 1952, in order that the Canadian government be relieved of its obligation towards the United States to construct navigation works in the vicinity of Barnhart Island and in the Thousand Islands section. These modifications had been embodied in draft Canadian and U.S. Notes, the text of which have now been agreed by both sides.

These Notes, further, made provision for consultation between the two governments before either country duplicated 27-foot navigation already in existence in the territory of the other. Provision had also been made for consultation on any legislation which might affect the movement of one country's shipping through the navigation facilities of the other.

The Notes had been exchanged by the Under-Secretary of State for External Affairs and the U.S. Minister at Ottawa the previous day. He proposed to make the text of the Canadian and U.S. Notes public that afternoon and hold a press conference on the subject.

In the light of strong representations that had been made to him and notwithstanding the decision taken at the meeting of August 11th, he had indicated to U.S. representatives that the government might or might not continue 14-foot navigation in the vicinity of Cornwall and that a final decision yet remained to be taken on this score. A paragraph had, however, been included in the Canadian Note to the effect that the Canadian government undertook to consult the United States government before deciding to continue the 14-foot canal at Cornwall on a toll-free basis.

The toll question had been discussed briefly and inconclusively. While stating that they had an open mind on this question, the Canadian representatives had voiced a preference for separately determined tolls although no objection could be seen to the establishment of some form of joint collection and administration of tolls.

The press release, which it was planned to issue that afternoon, attempted to establish the Canadian government's position more specifically than in the Note to the U.S. government. In particular, it was pointed out that although it was realized that the U.S. St. Lawrence Seaway Development Corporation was directed by the Wiley Act to construct all the 27-foot navigation works in the International Section of the St. Lawrence River, the Canadian government hoped that the United States would not, in fact, proceed with the work at this time. It was also made clear that the Canadian government intended to complete navigation facilities in Canadian territory in the vicinity of Cornwall in the event an increase in traffic warranted such action or in the event of unreasonable interference with Canadian shipping in U.S. canals.

(External Affairs press release No. 50, Aug. 18, 1954, and attached Canadian and U.S. Notes, Aug. 17, 1954).[132]

9. *In the course of discussion* the following points emerged:

(a) If, as was expected, traffic did increase sufficiently to warrant completion of 27-foot navigation facilities at Cornwall in the relatively near future, it would seem preferable not to continue 14-foot navigation at Cornwall since this would likely retard rather than hasten the eventual construction of a 27-foot canal on the Canadian side in the Barnhart Island area. On the other hand, no decision need be taken immediately on this matter and it would perhaps be preferable to withhold making any announcement for the time being.

(b) There was some indication that U.S. engineers were now thinking of constructing the Barnhart Island canal to a depth of thirty-two feet rather than twenty-seven feet as would be the case in the Canadian portions of the Seaway. If this were

[132] Voir Canada, Ministère des Affaires extérieures, *Communiqué*, 1954, N° 50, et *Affaires Extérieures*, volume 6, N° 11, 1954, pp. 352-354.
See Canada, Department of External Affairs, *Communique*, 1954, No. 50, and *External Affairs*, Volume 6, No. 11, 1954, pp. 344-346.

done the maximum total expenditure of $105 million authorized by the Wiley Act would likely be insufficient to complete both the Barnhart Island and the Iroquois canals and this, in turn, might induce the U.S. Administration to postpone, for the time being, construction of a canal at Iroquois in U.S. territory in view of the Canadian government's declared intention to proceed forthwith with construction of the required navigation works in Canadian territory at this point.

(c) It was suggested that perhaps the most satisfactory solution to the toll problem would be to reach an understanding under which the United States Corporation and the Canadian Authority would establish toll levels independently of one another on their own works, but that some joint collection agency be established to collect tolls and to allocate the proceeds therefrom on the basis of audited Canadian and U.S. accounts. Such an arrangement would likely result in more efficient handling of shipping by making it possible, for example, to issue through-tickets to a ship proceeding from, say, Cleveland to Montreal.

10. *The Cabinet* noted with approval the report by the Secretary of State for External Affairs on the Notes which had been exchanged with the United States the previous day, and on the press release he planned to issue that day regarding modified Canada-U.S. arrangements for construction of 27-foot navigation facilities in the International Section of the St. Lawrence River, under which arrangements it was agreed that Canada should be relieved of its obligation towards the United States to construct the navigation works in the vicinity of Barnhart Island and in the Thousand Island Section, and under which the Canadian government had informed the United States that it proposed to proceed forthwith with the construction, in Canadian territory, of a canal and lock in the vicinity of Iroquois.

. . .

578. DEA/1268-D-40

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

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

CONFIDENTIAL [Ottawa], August 19, 1954

ST. LAWRENCE SEAWAY — COLLATERAL LETTER

As a result of Mr. Anderson's request yesterday that we should not send any collateral letter, the officials in this Department have carefully reconsidered the matter.

2. Our view is that some letter is essential, for the record, to guard against future arguments with the United States Government or misunderstandings by Congressmen. We feel that Mr. Anderson's worries about the effect in Washington of a letter are exaggerated.

3. Two of the three points we had thought of recording in a letter are in the Press Release, i.e.

(1) Our hope that the United States will not build Iroquois, and

(2) Our intention that troubles in the United States Barnhart locks and canals could be a sufficient reason for Canada to decide to parallel them — whether or not the *volume* of traffic justified it.

I think that we could, in view of Mr. Anderson's feelings, desist from repeating these two points in our letter if we enclose the Press Release.

4. Enclosed is a draft letter for your consideration; it is milder and less direct than the draft† which you previously saw. I really do not see why it should give reasonable men in Washington any trouble. It will be unclassified but we could tell Mr. Bliss that we will in fact regard it as "For Official Use Only" until the United States has had a chance to say whether it should be available for publication. Even if the United States decides to treat it as available for publication, we need not rush to publish it. It does not call for a reply, and Mr. Bliss could be told that non-reply will not be regarded by us as meaning agreement (to the first 2 points).[133]

5. If you approve the letter, is it to be shown in draft to Mr. Bliss?[134] My inclination is to advise a negative answer to this.

6. The Legal Adviser thinks that the enclosed draft is the minimum necessary for our protection. American Division thinks it is less than the minimum.

J[ULES] L[ÉGER]

P.S. Also attached is a new draft letter dated Aug 20† and an extract from Aug 18 Press Conference.[135]

579.

DEA/1268-D-40

Note du chef de la Direction de l'Amérique

Memorandum by Head, American Division

CONFIDENTIAL

[Ottawa], August 20, 1954

ST. LAWRENCE SEAWAY TALKS AUGUST 12 AND 13

The talks began at 11.00 a.m. on August 12 in the Conference Room of the East Block. The principal United States representative was Mr. Robert B. Anderson, Deputy Secretary of Defence. The Canadian representatives, led by the Hon. L.B. Pearson, were the Rt. Hon. C.D. Howe and the Hon. George C. Marler.

2. After opening statements, Mr. Pearson proposed a revision of the order of the agenda items as originally prepared at the July meeting of officials. The purpose was to make possible a more effective presentation of the Canadian position. Mr. Anderson accepted the revised agenda order, which is given in Annex A.†

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[133] Note marginale :/Marginal note:
OK L.B. P[earson]

[134] Note marginale :/Marginal note:
No [L.B. Pearson]

[135] Note marginale :/Marginal note:
(Note—Mr Léger gave this to Mr Pearson) [M.H. Wershof]

$15 Million Contribution to Channel Enlargements

3. Mr. C.D. Howe stated that, in the Canadian view, this was more properly a charge on power rather than navigation. The navigation aspect of the project was separated from the power aspect in 1948. We had assumed that the power would do all that was required including these channel enlargements. Because of the Federal Power Commission's desire that $15 million should be charged to navigation, it was assessed to Canada over strong Canadian objection. Mr. Howe wondered what our American friends could do in this regard.

4. Mr. Anderson replied that the United States recognized the equity of our claim but the Wiley Act made no provision for its payment. Even if it could, there would not be enough money left to build the remaining works. The only way open to the United States would be to recognize that the $15 million should be a preferential charge on joint tolls and would then eventually be returned to the Canadian Treasury with interest. Another course would be for the Administration to seek an additional $15 million from Congress, but, this might prove impossible to obtain and would in any event delay matters until at least March 1955. Accordingly, the United States was prepared to recognize the obligation and to pay the amount out of tolls.

5. Mr. Pearson summed up by saying that he took it that the United States was prepared to accept the charge of $15 million, was unable to absorb this amount now but was prepared to do anything it could through the collection of tolls.

6. Mr. Bliss enquired into the possibility of revising the obligation placed on Canada to pay the $15 million for channel enlargements. Mr. Howe replied that he did not wish to open up the question of a power licence. Mr. Pearson added that it would mean going back to the International Joint Commission and that Canada did not want to reopen this question or to delay further. It was agreed that the discussion should be adjourned on this item and that the representatives could return to it later, if desired.

14-foot Navigation

7. Mr. Howe explained that there had been a canal on the Canadian side of the International Rapids Section for the last hundred years, that industry had been built around it and that the 1941 Agreement provided for the maintenance of a 14' canal as, indeed, the Ontario-Canada Agreement had.[136] It looks as though Ontario would have to pay $15 million to reimburse Canada for the loss of this canal. Had the United States delegation any view as to what it might be able to do?

8. Mr. Anderson recognized the problem and the Canadian desire to continue this canal. He assumed that the canal in the International Rapids Section would be flooded. Unfortunately, the United States could not go beyond its legislation. He recognized the problem, and wanted to co-operate but doubted that there was any way of obtaining any financial provision from Congress for continuing these works on Canadian territory. Mr. Howe interjected that there was no thought of asking for

[136] Voir Canada, *Statuts du Canada*, 1951, 2ième session, chapitre 13, pp. 169-179./See Canada, *Statutes of Canada*, 1951, 2nd Session, Chapter 13, pp. 161-170.
Voir aussi/See also Volume 17, Documents 789-806.

a contribution. He asked what about the continuation of the 14-foot canal which it was important to conserve? After an inconclusive discussion in which Mr. Anderson raised the possibility of continuing a 14-foot canal through the rapids on a toll-free basis, the representatives agreed that they might return to this item later.

Agreement for Consultation Before Duplication of Works

9. Mr. Pearson said this item was related to Item 5 of the Agenda. Subject to this, there seemed to be no difficulty in reaching an agreement on consultation. Mr. Anderson said that the United States would like to talk to Canada before there was duplication because they would not want to impair the "partnership" arrangements.

Navigation Rights

10. Mr. Pearson opened by saying that this was a rather important item for Canada. Ships destined from one Canadian port to another should not be hampered and inconvenienced and should receive the same treatment as if they were going through a Canadian canal. If this were granted it would be infinitely easier to get Canadian public opinion fully to support this project. Was there any way in which this legitimate Canadian preoccupation could be met?

11. Mr. Anderson replied that a primary reason that the United States wanted to see the deep-waterway completed was to maintain a continuing stream of traffic between the United States and Canada. He appreciated the Canadian apprehensions. He said that the supreme law of the land in the United States was embodied in both treaties and in legislation. He had grave doubts whether the United States could enter into an inflexible treaty whereby the power of Congress to legislate would be circumscribed. Even if that hurdle could be jumped, he doubted whether it could be done constitutionally. The United States would be prepared to discuss with Canada any new law or regulation which it was proposed should be enacted or enforced regarding the passage of vessels in the International Section. His feeling was, however, that both countries must operate the canals in such a way that the Seaway operates to the maximum.

12. Mr. Howe said that the question of navigation rights was serious for Canada: over the years, Canada had spent $750 million for canals which must be kept up, and if the McCarren Act affected Canadian shipping, this would be pretty serious. Mr. Anderson recognized the seriousness of the problem. He said that if anyone proposed legislation which would affect shipping in the international section, the United States would be prepared to consult Canada and ascertain the Canadian reaction. He could not visualize any Administration wishing other than to maximize traffic in the whole of the Seaway. Mr. Pearson said that while any Administration might consult with Canada, this would not necessarily remove the special difficulties that might arise. While there might be no interference with commerce as such, certain regulations, (such as security regulations) might cause us a lot of trouble, e.g. the removal of persons who are objectionable to the United States from a Canadian or Commonwealth ship in United States canals. There are also ramifications regarding third-party shipping; any agreement should apply to these as well. Mr. Anderson said that one thing stuck out in his mind when we were talking of

tolls, navigation rights, etc., and that was that unless shipping can pass freely, then we would have lost our time.

13. Mr. Pearson stated that the Canadian will say, if we do not get an agreement on navigation rights: "You have had a chance to get this agreement and you gave it up". We could get over this if both countries entered into an international agreement not to subject each other's ships to the other's laws while going through each other's canals. The United States may have, however, not only political but also constitutional difficulties in this regard. Mr. Yingling interjected that the United States Attorney General's tentative, but considered, opinion was that such an international agreement would be unconstitutional. Messrs. Pearson and Anderson thought that Messrs. Wershof, Brucker and Yingling might discuss the legal aspects during the lunch hour.

Effects of Modified Arrangements

14. Mr. Pearson wanted to talk now about the modified arrangements themselves. He thought it would be useful to leave a draft aide-mémoire with the United States delegation, not as an official document, at this time. Mr. Pearson then read the attached Aide-Mémoire (Annex B).[137] He then went on to say that to meet public opinion in Canada the Canadian Government must do something along the lines of this Aide-Mémoire. If this could be done it would be easier to "abandon" part of the Canadian Seaway so as to give the United States a chance to build on its side of the Rapids; it would also be easier for Canada to absorb the $15 million for channel enlargements and the loss of half of the replacement cost of a 14-foot navigation.

15. Mr. Howe said that Canada could not make the $15 million contribution towards channel enlargements without building the dam at Iroquois. After all, it is an international section where both countries should build! Mr. Anderson said that he did not know whether the $15 million could be paid by the United States Government. Mr. Pearson asked if it could be paid out of tolls, to which Mr. Anderson replied that this was yet another problem: all the monies collected entirely on the United States side must be paid to the United States Government. Therefore, he concluded, before any payments could be made to Canada they would have to be made out of *joint* tolls. Mr. Howe doubted whether the United States was mandatorily required by the Wiley Act to do all the works in the international section. To this Mr. Anderson countered that Congress has given the Administration a mandate to do just that. It would take some effort to do less than what is spelled out in the Wiley-Dondero Act as "substantially" the works to be built. To this Mr. Howe replied that if it comes to that point, Canada also has a mandate to build all the works in the international section. It was agreed that the United States delegation might examine the draft Aide-Mémoire during the lunch hour.

Joint Tolls

16. Mr. Howe said that there might be considerable difficulty in arranging joint tolls, because of the different systems for arriving at tolls in each country. Mr.

[137] Annexe A au document 574. L'aide-mémoire n'incluait aucun des paragraphes de remplacement proposés/Annex A to Document 574. The aide mémoire included none of the suggested alternative paragraphs.

Howe thought that both countries would undoubtedly consult on the general weighing of tolls for the various commodities, such as wheat, iron ore, etc. The Preliminary Canadian view, however, was that it would be much better to fix tolls unilaterally and then to arrange for some sort of joint collection: the amount collected on a through ticket would be eventually paid back to either Authority much in the same way as international train fares are settled between Canada and the United States.

17. Mr. Anderson said that it would be almost inconceivable that both countries should not talk on tolls. Adverting to the $15 million payment for channel enlargements, while repeating that equity was on the side of Canada, the only way he could see of reimbursing Canada was through joint tolls as envisioned under the Wiley Act. Mr. Howe said he was reluctant to embark upon a scheme of joint tolls because he could visualize the day when Canada might wish to abandon tolls. There followed a general discussion on the question and the meeting adjourned for lunch.

AFTERNOON SESSION, AUGUST 12, 3:30 P.M.

Aide-Mémoire

18. Mr. Pearson said that the word "draft" might be omitted from the Aide-Mémoire and that if Mr. Anderson were prepared to do so, the points raised in the Aide-Mémoire might now be discussed.

19. Mr. Anderson recognized the political problem arising especially out of the circumstances of the Exchange of Notes in 1952 on the subject of the $15 million. On the exact language shown in the Canadian Aide-Mémoire on page 3 as to how the Notes of June 30 might be modified, Mr. Anderson said that the attitudes of both the United States and Canadian legislatures were quite different. In the United States there would be no objection to two systems in the International Rapids Section. From the United States viewpoint, however, the Administration is obliged to construct in their entirety the works authorized by the Wiley Act. If it deviated from this, the Administration would have to go to Congress. Mr. Anderson hoped, therefore, that the language shown on page 3 of the Aide-Mémoire could be cast in a different terminology. He would like to study the Wiley Act again. If the two countries could reach some sort of agreement under which Canada would build what it wanted to build on its side and the United States would build what it wanted to build on its side, then it would be helpful. During the lunch hour the United States delegation had looked at this matter and the wording they would prefer is contained in the "Draft" now given to the Canadian side as to the form of an agreement.

(See Annex C)

20. Mr. Pearson said that paragraph (b) of the "Draft" would mean that both countries agreed to build at Iroquois. Mr. Anderson replied that that is what the United States would do if required. Mr. Howe asked if the Wiley Act did not allow some flexibility for timing. The Act requires assurances from Canada as to the construction. Does the Act not provide that the United States will build provided Canada gives the necessary assurances? Mr. Anderson thought either government might use

its own judgment at Iroquois; if we end up with two facilities it would mean that we have so much more. Mr. Chevrier interjected that the converse also obtains at Barnhart Island. Mr. Anderson replied that both governments have no money invested in deep-water facilities in the International Section; when they do — such as at Barnhart Island — any action by the other government would affect this investment. Hence the desire for consultation. General Brucker interjected that there was no time set for the construction of Iroquois. That seemed to be true of Canada's intention to build there. To this Mr. Howe replied that Canada intended to build immediately at Iroquois. He could never explain to the Canadian public why the Americans desire to build at Iroquois also. This would be a wholly unilateral action on the part of the United States notwithstanding the International Arrangement of June 30, 1952 and this would seem a bit arbitrary to Canadians. If the Canadian Seaway Authority builds at Iroquois, the Government might find it easier to explain the matter publicly. Would it not be possible for the United States Administration to undertake to refrain from building the Iroquois section? Mr. Anderson replied that he did not think so. United States authorities would have to weigh this matter carefully but they must abide by the laws and it would not be proper at this time for themselves to be committed not to construct at Iroquois.

Assurances

21. Mr. Anderson said that the United States Seaway Authority would want assurances that Canada was to build the remaining works as nearly as possible concurrently with the completion of the power project. This assurance was *pro forma* and might be in the language of the Wiley Act. Some assurance might be required from the power authorities as well. Mr. Chevrier agreed with Mr. Castle that this was a matter to be worked out by the seaway authorities and that it might be done by an exchange of letters by the authorities.

Agreement to Consult before Paralleling of Facilities in the International Rapids Section

22. Mr. Anderson wanted the Agreement for consultation to be extended to the whole of the seaway in the Great Lakes basin because as it stands now any Agreement to consult placed no real obligation on Canada. Mr. Pearson saw value in this but he desired to concentrate attention to the International Rapids Section in the special application of this agreement. There might be a general reference in addition to consultation for the whole basin, but Mr. Anderson said that he was perfectly agreeable to the last draft paragraph in the United States "Draft". (See Annex C.) Mr. Pearson wondered if the reference should not be limited to consultation for duplication of "canals in the International Section".

The Canadian Aide-Mémoire

23. Mr. Pearson said that Canada would want to say publicly what has been stated in the Aide-Mémoire concerning Iroquois. What this amounts to is that the Canadian Government states its intention to construct a lock and canal around Iroquois and the United States delegation indicates that it was also directed to build a lock and canal in the same area. Mr. Anderson wondered whether we were not addressing ourselves too much to our own peoples. He thought that the modification of the

Notes of June 30, 1952 should be a modification of principles and he hoped that both sides could refrain from announcing the construction of Iroquois until after the Notes were agreed. Mr. Pearson said that he would try to have a joint press announcement. He asked, however, whether Mr. Anderson did not feel that it would be possible to get an amendment to the Wiley Act so as to not build at Iroquois. Mr. Anderson did not think this was possible. He thought in addition that it would be improper for a formal Exchange of Notes to say that the Administration would seek such an amendment. He hoped that at the conclusion of the meeting that we would avoid a declaration which would freeze the position on each side. This was a matter which required further discussions within the United States. Mr. Pearson said that he wished to avoid giving the impression that Canada is committed not to construct parallel facilities in the International Rapids Section. That is why he thought that the last paragraph of the United States "Draft" (Annex C) was not happily worded although Canada would wish to consult before constructing parallel facilities at Barnhart Island.

24. Mr. Anderson reiterated that he hope that the official Notes would confine themselves to the declaration of the modification of the rights. Under paragraph (b) of the United States "Draft" (Annex C) Canada would say that it will build at Iroquois. concerning other facilities the United States reserved the right to build.

25. Mr. Howe interjected that the United States did not seem to care much for the 14-foot canal. To this Mr. Anderson replied that whatever Canada wished to do was its own decision. If, however, the canal traversed the whole International Rapids Section, he hoped that Canada would charge tolls. Mr. Howe said that there might have to be a 14-foot canal through the International Rapids Section.

Assurances

26. Mr. Pearson said that these assurances could be exchanged between the agencies after both governments had reached an agreement.

Timing

27. General Robinson stated that the critical date for the completion of the power project given to the Joint Board of Engineers was September 1958. There would then have to be an interruption of all traffic on the river for ten days before they switched over to 27-foot navigation. Mr. West intimated that navigation could not be interrupted at that critical time; in fact, the interruption would have to wait until the close of navigation.

28. Mr. Pearson asked at what point a delay in the Exchange of Notes would interfere with the engineering works, to which General Robinson replied that the construction of works had been intended by the United States to commence at Iroquois in April 1955. Contracts would have to be let early in December 1954. Presumably a delay beyond that period would be serious and it was agreed, however, that the power works would be ready towards the end of 1958, that the navigation works should be ready by about the same time but it was pointed out that power would not be "on the line" until the early part of 1959.

Press Communiqué

29. It was agreed that Messrs. Pelletier and Vest should now be thinking about the problem of a joint press communiqué.

Miscellaneous Points

30. Mr. Anderson said that earlier in the talks between officials, Mr. Wershof had expressed the view that there was no need to go to the International Joint Commission. He was happy to say that the United States authorities were in a position to revise their judgment and that they could see no reason now to have to go to the International Joint Commission.

31. The meeting adjourned shortly after 5 p.m.

MEETING ON AUGUST 13, 10:00 A.M.

Draft Canadian Note

32. On the evening of August 12 the Canadian delegation gave to the United States delegation, after the dinner held at the Country Club, a draft Note which would be satisfactory from the Canadian viewpoint. (Annex D)†

33. On the morning of August 13 Mr. Pearson said that he would be prepared to discuss this draft Note. He had no real objection to the United States "Draft" (Annex C) but he preferred the Canadian draft Note which would satisfactorily, from our viewpoint, amend the Note of June 30, 1952 under which Canada had an obligation to build the seaway entirely on Canadian territory.

34. Mr. Anderson said that there were two problems in connection with the Note. The first was to try to modify the rights and obligations, and the second was the presentation of the case to the public. The Canadian Note seeks to solve both these problems. The United States consideration of the Canadian draft is tempered by two thoughts. The first is that the United States delegation would not presume to amend the Canadian Note except that if a modification of the Notes of June 30 is to be achieved, all aspects should be included in the Canadian Note so as to ensure that the United States Note would result in a substantial general concurrence with the Canadian Note. His second thought was that in addition to modifying the arrangements of June 30, 1952 there should be full concurrence between the parties on the matter of future consultation. He had accordingly prepared a counter-proposal which was not immediately available, but would be presented to us later.

35. Mr. Pearson said that if we did not agree on a text we could still exchange our views. In a week or two there might be a formal Exchange of Notes. As far as the second problem mentioned by Mr. Anderson, that of the presentation of the case to our respective publics, this might be done by a press release. Mr. Howe interjected that the United States would have to steel itself to the shock which a Canadian Note might mean for them. Mr. Marler said that the press comment was quite adverse in Canada with the *Le Devoir* of this morning's date saying that Canada had given the seaway away overnight. Mr. Pearson said that the two governments are now in a position to modify the Exchange of Notes of June 30, 1952; he asked what could be said in public. Mr. Anderson suggested that what might be said would be that the next stage now would be a preparation of the texts of an Exchange of Notes. The

three Canadian Ministers agreed and felt that it might be stated that both sides agreed that further consultation will cause no delay in the construction of the seaway. Mr. Anderson felt that there should be worked out some sort of a timetable to be used by both sides. Mr. R.A.C. Henry will work this out with General Robinson. It was important that throughout the construction of the seaway both countries should speak with the same voice on the question of the engineering timetable. This was agreed on both sides.

36. Mr. Pearson, reverting to the question of public release, said that Canada would have to make a full statement when the Notes were issued. Canada would be in a position to send its draft Note to Washington in a day or so. There would be a serious problem vis-à-vis Canadian public opinion if the Exchange of Notes were delayed for more than two or three weeks. Mr. Anderson thought that the exchange could be completed in two weeks. It was agreed to postpone discussions until after lunch when both delegations would have had before them the text of the United States draft of how the Canadian Note might read. It was suggested, however, that as regards the Canadian draft Note (Annex D), paragraph 4 should be placed towards the end of the Note.

37. During the interval before lunch when the United States delegation was preparing its draft (see Annex E),† the Canadian delegation had an opportunity of reviewing the position as regards the Canadian draft Note (Annex D). It was during this interval that the United States draft (Annex E) was made available and Mr. Pearson discussed it with other members of the delegation in his office.

AFTERNOON MEETING, AUGUST 13, 2:30 P.M.

38. Mr. Pearson opened the meeting by saying that the grammar in the United States draft (Annex E) was an improvement over the Canadian draft. He appreciated the United States difficulty, however, over the Canadian draft (Annex D). The Canadian problem, however, is to secure in a draft Note an agreement to modify the Wiley Act. He also pointed out that there would be the possibility of future action by the United States to relieve Canada of possible difficulties regarding the guarantees for navigation. On the other hand the United States wants a reference to a new element: namely, that as the Wiley Act binds the U.S.A., and the fact that Canada is also bound by the Wiley Act, should be recognized. This Canada cannot do in such a manner as will give sanction to the Wiley Act but Canada could alter its obligations in part to meet the United States position. If, in a Note, Canada were to say that the United States has priority over certain works, this should be acceptable and it would be for the United States to determine how it would frame its reply. We need not modify the agreement of June 30, 1952 except as regards the Canadian obligations. To this Mr. Anderson agreed. He said, however, that he should very much like to have gone into the problem as though the time now were before the arrangements were entered into June 30, 1952! Mr. Pearson said that he had no objection to putting certain factors forward in the Canadian Note but he did not want to give Canadian sanction to the Wiley Act. Mr. Marler thought that to do so would give the impression that we had agreed that all the works in the International Rapids Section (including Iroquois) should be built by the United States. Mr. Anderson understood the public opinion aspect of Iroquois. The expressed Cana-

dian intention was to build at Iroquois. The expressed United States view was that it must build all the works shown in the Wiley Act. There is a conflict between these views. The problem is how to resolve this conflict. Mr. Heeney suggested that it might be useful to work jointly on both Notes to be exchanged and that maybe in that way we might make better progress. Mr. Anderson said that both these documents were basic documents which would be of considerable importance.

39. Mr. Pearson indicated that we would take into account the United States draft and that if the United States delegation would agree to leave behind one or two persons to work out a draft set of Notes to be exchanged, that would probably be a better way. Mr. Anderson arranged later for Governor Brucker, Mr. Castle and Mr. Yingling to remain behind to discuss this matter with the Canadian representatives.

40. As far as a press release was concerned, the joint press release (see Annex F) was agreed upon.[138]

MEETINGS AFTER 3:30 P.M., AUGUST 13, 1954

41. At the conclusion of the formal talks, some time after 3:30 p.m. on August 13, Messrs. Wershof and Côté met to redraft the Canadian Note, basing themselves on the first draft, produced on August 12. The second Revise (Annex G)† was shown to Governor Brucker, Messrs. Yingling and Castle. Messrs. Côté and Wershof then prepared a third Revise (Annex H)† to meet the possible United States objections, together with a fourth redraft (Annex I).† The latter draft was never used.

42. After considerable discussions and examination during the night of Friday, August 13, with the United States representatives and early Saturday morning and afternoon, August 14, at which time Messrs. Heeney, Bryce and Pelletier attended from time to time, Mr. Wershof obtained the United States and Canadian concurrence to a draft Note. Those concurring included Mr. Anderson and Mr. Pearson. The final text of a Canadian Note jointly agreed is the text shown at Annex J.[139] The group also had an opportunity to examine the draft United States Note which eventually emerged in the form shown at Annex K.[140]

43. In view of the pressure to which he was subjected on Friday afternoon to hold an impromptu press conference at 4:30 of August 13, 1954 Mr. Pearson asked on Saturday morning that the Exchange of Notes should be made, if at all possible, on August 17 and that the news should be made known publicly after Cabinet on August 18. Mr. Anderson agreed with this and a press release was prepared after discussions with the United States Embassy, which are not recorded here. The

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[138] Voir Canada, Ministère des Affaires extérieures, *Communiqué*, 1954, N° 48./See Canada, Department of External Affairs, *Communique*, 1954, No. 48.

[139] Voir Canada, Ministère des Affaires extérieures, *Affaires Extérieures*, volume 6, N° 11, 1954, pp. 352-354./See Canada, Department of External Affairs, *External Affairs*, Volume 6, No. 11, 1954, pp. 344-345.

[140] Voir Canada, Ministère des Affaires extérieures, *Affaires Extérieures*, volume 6, N° 11, 1954, p. 354./See Canada, Department of External Affairs, *External Affairs*, Volume 6, No. 11, 1954, p. 346.

attached press release at Annex L[141] was issued in Canada and the press release at Annex M[142] as issued in the United States.

E.A. CÔTÉ

[ANNEXE C/ANNEX C]

Projet de note des États-Unis

Draft United States Note

The Governments of Canada and the United States will construct all of the necessary work for uninterrupted navigation between Lake Erie and Montreal as nearly as possible concurrently with the completion of the power phase of the St. Lawrence project in accordance with the following understanding:

A. The Canadian Government will construct all of the necessary works for such uninterrupted navigation through waters in Canadian territory.

B. Both Governments reserve the right in the International Boundary Section to construct a canal and locks around the Iroquois dam without further consultation.

C. The United States Government will perform the dredging in the Thousand Islands section and channel improvements and construction of a canal, locks and other necessary works in United States territory in the general vicinity of Barnhardt Island.

The Governments of Canada and the United States recognize the rights of each Government to construct additional facilities in its territory however any future duplication of facilities in the International Boundary Section will be constructed only after consultation between the two Governments.

580.

DEA/1268-D-40

Le secrétaire d'État aux Affaires extérieures
au chargé d'affaires de l'ambassade des États-Unis

Secretary of State for External Affairs
to Chargé d'Affaires, Embassy of United States

Ottawa, August 24, 1954

Dear Mr. Bliss,[143]

Enclosed for the information of your Government are copies of the Press Release concerning the St. Lawrence Seaway issued by this Department on August

[141] Voir Canada, Ministère des Affaires extérieures, *Communiqué*, 1954, N° 50./See Canada, Department of External Affairs, *Communique*, 1954, No. 50.
[142] Voir/See United States, Department of State, *Bulletin*, Volume XXXI, No. 792, August 30, 1954, pp. 299-300.
[143] Note marginale :/Marginal note:
(Note: Although this is unclassified, it is "for official use only" until further notice) M.H. W[ershof]

18. The Press Release reports the views and intentions of the Canadian Government on some important questions, which we desire to bring to the attention of your Government in this way.

One question not covered in the Press Release is that of the nature of the obligation to consult your Government in connection with 14-foot navigation. The position of the Canadian Government is, as already indicated, as follows:

If the Canadian Government should decide to provide for 14-foot navigation *through* the International Rapids Section *and if*, in that event, the Canadian Government were contemplating making such navigation toll-free, the Canadian Government has promised to consult your Government before making it toll-free.[144]

Yours sincerely,
L.B. PEARSON

581. DEA/1268-D-40

Note de la Direction de l'Amérique pour le chef de la Direction de l'Amérique

Memorandum from American Division to Head, American Division

RESTRICTED [Ottawa], October 5, 1954

ST. LAWRENCE SEAWAY: CONVERSATION WITH MR. LEWIS CASTLE

Mr. Lewis Castle, Administrator of the United States St. Lawrence Seaway Corporation, came in to say hello this morning and I took the opportunity of questioning him on points arising out of the hearings he held last week in the Pentagon. You will recall that he had invited representatives of shipping and industrial interests, port authorities, chambers of commerce, railroads and federal agencies to discuss the dimensions of "Wiley" works in the St. Lawrence Seaway. Mr. Castle mentioned that there had been a surprising amount of interest in the United States in the seaway, and he therefore thought it advisable to give interested parties the opportunity of expressing their views on this question. Representatives of 47 organizations in the above-mentioned categories attended the hearings.

Proposed New Dimensions for Locks

Mr. Castle said that opinion voiced at the hearings was almost unanimous for larger locks, with a consensus for dimensions of approximately 900-foot length, 85-95-foot width and 32-foot depth over the sills. (This compares with 800-foot length, 80-foot width and 30-foot depth in the Welland locks and those to be constructed by Canada at Iroquois, Beauharnois and Lachine.)*** Mr. Castle thought that he should at least report this preponderance of opinion to the Canadian Seaway Authority. When I asked him whether consideration of this question, which obviously had the most far-reaching implications, would delay his construction pro-

[144] Note marginale :/Marginal note:
(I handed this to Mr. Bliss [on] Aug 24 — see my memo of that date†) M.H. Wershof

gramme, he said that he had asked his engineers for a financial report by next Monday (October 11) and that he expected to come to a decision in 30 to 60 days. Therefore, he did not expect that this would retard his target date for completion of the Wiley works by the end of 1958 or early in 1959.

When I raised the question of how much *additional* shipping might be accommodated in locks of the proposed dimensions, Mr. Castle suggested that it was not a question so much of being able to accommodate larger ships, although that was a factor to be considered in any forward-looking view. Possibly more important, he thought, was the question of manoeuvrability and insurance of existing vessels; larger dimensions would permit faster clearance of vessels through the locks and afford them greater protection in transit. He thought the factor of protection and insurance to be of considerable importance with respect to vessels carrying iron ore from Seven Islands.

I remarked to Mr. Castle that he must, of course, be aware of the far-reaching engineering and financial implications for navigation up and down the line, i.e., with respect to Upper Lakes channels, the Welland Canal and the new Canadian works. I mentioned: (a) In the Upper Lakes alone, United States 1950 estimates of the money required to deepen the present channels from 25 feet to 27 feet was $90 million, to 30 feet $270 million, and to 35 feet $517 million; deepening of the Upper lakes channels to the 32-foot depth suggested for the Wiley locks would therefore involve an expenditure in the neighbourhood of $400 million. (b) Construction of a new Welland canal with the larger locks would cost somewhere between $300 million and $400 million. (c) The present estimate of $190-odd for the new Canadian works from Iroquois to Montreal would have to be increased by many millions. Mr. Castle replied that he was aware of these factors. He assumed that Canada's main concern, if these ideas were to be introduced at all, would be with the Welland Canal (see section below on the Upper Lakes). He thought that if it came to building a new Welland Canal, the solution would be for "Canada and the United States to make the same arrangement as they made for power in the St. Lawrence, i.e., to split the cost".

Generally speaking, Mr. Castle seemed anxious to assure that he was not trying to create any pressure on Canada and deplored certain newspaper reports of last week's Washington hearings, which might have created that effect. He simply wished to "report" these views on lock dimensions to the Canadian authorities. He indicated that, if it were possible within the financial limitations of the Wiley Act to build locks of the greater dimensions, it would be a pity not to take advantage of the fact that nothing had yet been constructed and that he could start from scratch. From the tenor of our conversation, I think it safe to assume that the United States authorities will give serious consideration (within the limitations of the Wiley Act's $105 million) to increased *length and width*, as compared to increased *depth*.

Upper Lakes Dredging

It was Mr. Castle's understanding that bills would be introduced in the next session of Congress, by representative Blatnick in the House and Senators Thye and Humphrey in the Senate (all from Minnesota), to provide $100 million for dredging in the Upper Lakes. These members had attempted during the last session

to secure this authorization by introducing amendments to the Wiley and Dondero Bills. These amendments were defeated but Mr. Castle thought it likely that the new bills would be passed by the next Congress.

Iroquois

I asked Mr. Castle what the situation was regarding Iroquois. He replied that the Corporation was convinced that it was mandatory under the Wiley Act for the United States to build at Iroquois, and he was therefore currently making provisions for its construction. In fact his consideration of whether he could construct canals and locks of the increased dimensions under the existing $105 million authorization was predicated on building at Iroquois. However, he stated that he would raise this question with Congressional leaders when Congress reconvened in January, as this obviously was "the sensible thing to do in view of Canada's decision to build at Iroquois."

Traffic and Tolls

Mr. Castle said that the Corporation had had some preliminary traffic estimates prepared, on a highly conservative basis. He expected at least 36 1/2 million tons to move through the canals in the first year of operation, and that this figure would rise to at least 52 million tons in 1965. He assumed that the revenue split would be of the general order of two-thirds to the Canadian Authority and one-third to the United States Corporation, and that on this basis there would be an initial revenue of around $14 millions to Canada and $7 to the United States. In addition to taking care of operating and maintenance costs, such sums could "provide interest on an awful lot of capital expenditure." He promised to send us a copy of his traffic studies.[145]

S.A. FREIFELD

***A lock of 900-foot length would provide approximately 805 feet between booms. A lock of 800-foot length would provide approximately 705 feet between booms. The longest freighter on the Great Lakes at the present time is 678 feet and therefore has a margin of 22 feet between booms in the present Welland locks.

[145] Note marginale :/Marginal note:
Very interesting E.A. Côté

582. DEA/1268-D-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1858 Ottawa, October 9 [sic], 1954

RESTRICTED

ST. LAWRENCE SEAWAY

You will already have seen a copy of Freifeld's memorandum reporting his October 12 [5?] conversation with Mr. Lewis Castle, Administrator of the United States St. Lawrence Seaway Development Corporation. As you know, Mr. Castle and his colleagues requested a meeting with Mr. Chevrier and his colleagues which took place on October 11. Only part of the information contained in Freifeld's memorandum was given by Mr. Castle and his colleagues to members of the Canadian Seaway Authority.

2. You will, of course, be aware of the extraordinary financial implications of any proposal to deepen facilities throughout the entire Great Lakes-St. Lawrence Basin. In addition to the financial implications, there is the problem of the effect which any new proposals may have on the construction timetable of both Seaway Authorities, which have as their target date the completion of the 27-foot navigation works by the end of 1958.

3. In view of what appears to us to be a mounting interest in the United States in the construction of navigation works of larger dimensions than those currently authorized by Canada and in view of the apparent difficulty which Mr. Chevrier and Mr. R.A.C. Henry have encountered in obtaining precise information from their U.S. counterparts, the Canadian Seaway Authority and the Department are both anxious to receive whatever information you can obtain on the following questions:

(1) Who are the real promoters of the larger Seaway proposal? (Do these possibly include previous antagonists of the Seaway who may be seeking to delay or hamstring construction?)

(2) Why is the proposal being pressed forward *at this time* and what are the main arguments in its support?

(3) Has the United States Administration been apprised of the proposal and, if so, is it prepared to support it?

(4) What precise length, width and depth, with respect to locks, canals and navigation channels, does the proposal involve?

(5) Does the proposal involve increasing the dimensions of the Upper Lakes channels to the larger dimensions in the immediate future, or will these larger dimensions apply only to the international section for the time being, on the

understanding that the Upper Lakes channels will be deepened to the proposed new depth at some time in the indefinite future?

(6) If a larger seaway proposal is accepted and supported by the United States Administration, is such acceptance and support based on solid economic studies? If so, can such studies be made available to us?

(7) Mr. Castle indicated to Freifeld that whatever consideration he might give to the construction of facilities of larger dimensions would be within the framework of his present $105 million authorization and would be predicated upon construction by the United States at Iroquois in addition to Barnhart. If the pressure for larger facilities continues and mounts in the United States but if these facilities cannot be financed out of Mr. Castle's present authorization, do you think that a new approach will be made to Congress for more funds, or will the idea be dropped?

(8) Have you any information to support Castle's statement that bills will be introduced in the next session by the Minnesota Representatives to authorise expenditure of $100 million for channel deepening in the Upper Lakes?

4. We realize that this is a large order and would be glad to receive whatever light you may be able to throw on these questions. If a transcript or report of Mr. Castle's October 7 hearings in Washington is available, we would be glad to receive one or more copies.

583. DEA/1268-D-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1825 Washington, October 21, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Your teletype EX-1858 of October 9.

ST. LAWRENCE SEAWAY

Yesterday, during a friendly and interesting lunch with Mr. Lewis Castle, Administrator of the United States St. Lawrence Seaway Development Corporation, we had an opportunity to discuss with him several aspects of the proposal to construct on the St. Lawrence Seaway canals and locks of dimensions larger than those set out in the 1941 agreement. Although this was the first opportunity for any real talk between Mr. Castle and the members of this embassy, and although we could not, therefore, press our search for information as far as we might otherwise have done, nevertheless the meeting provided some information on a number of points that we hope will be of value.

2. We began by asking Mr. Castle how his views were developing on the proposals for larger United States canals. He responded by saying that he, personally

hoped that it would prove possible to stick to what he called the "Welland Canal dimensions". However, there had been a good deal of pressure, as we knew, from ship-owners in the United States for larger locks and he had thought it advisable to give these interests their day in court. Many ship-owners believed, he said, that their vessels would be cleared more quickly (and consequently more cheaply) through the locks if the dimensions were made a little larger. With longer and wider locks there would also be less risk of damage and, in general, greater manoeuvrability.

3. He had just received, he said, a report on the increased cost that would be involved in building somewhat larger locks. He did not tell us the dimensions on which this costing study had been based; but he did say that it now appeared that each lock would cost approximately $2 million more if it were built to the larger specifications. He was clearly speaking of locks that would be both longer and wider than specified in the 1941 agreement. Whether or not he had in mind locks deeper over the sills than 30', we could not be sure.

4. The final decision on the size of the United States locks would rest with him, he told us; and he would be making up his mind within the next ten days. As soon as a decision had been reached, he would get in touch directly with Mr. Chevrier. In spite of his own preference for the Welland Canal dimensions, he could see that it might be worthwhile to pay something to secure a rather higher degree of manoeuvrability. On the other hand, he had told United States ship-owners that even if their vessels could be cleared more quickly and safely through somewhat larger United States locks in the international rapids section, they would still have to go through the locks in the Welland Canal where the fit would be snugger. At no point in our conversation did he suggest that the Welland Canal might be enlarged or duplicated within the near future. Indeed, he seemed to take the present dimensions of the Welland Canal as perhaps the most important fixed point in the complicated equation that he has to solve; and the fact that the Welland Canal locks would remain at their present size figured in his remarks as an important reason for discounting the argument of United States ship-owners for larger locks in the international rapids section.

5. He also suggested that the proposals for larger locks might be ruled out by financial limitations. Mr. Castle said that, on the basis of 1952 prices, the cost of constructing the navigation works to be built on the United States side of the border had been estimated at approximately $88 million. At 1954 prices for labour, material and equipment, the cost would probably be about $94 million. To this figure there would have to be added some provision for contingencies and administrative expenses. All in all, then, there would be little cushion between the total costs as currently estimated and the $105 million authorized under the Wiley Act. Although the implication of these remarks clearly seemed to be that the present authorization would be insufficient to pay the cost of constructing substantially larger canals, Mr. Castle gave us no reason to believe that any serious thought was being given to the possibility of another approach to Congress for additional funds. We should probably add that nothing was said, either, about the possibility of the United States not building a canal and lock at Iroquois. If they did not build there, of course, the present authorization would be sufficient to permit the construction of substantially

larger facilities at Massena. But he appeared to be taking it for granted that the United States would build at Iroquois and the financial aspects of the problem seemed to resolve themselves in his mind into the question of whether there would be room within the authorization of $105 million for a modest increase in the dimensions of the United States canals in order to provide rather more leeway for ships that could, with care, negotiate canals of the dimensions specified in the 1941 agreement.

6. In reply to a question about the type of shipping which he thought would make most use of the new canals, he said that he personally had no desire to build canals on the United States side large enough to accommodate vessels of greater tonnage than the Welland Canal was designed for. No doubt larger vessels would one day ply from the Atlantic to the heart of the continent. But building canals for them would be a "task for another generation", he said. If it was ultimately decided that the dimensions of the United States locks should be somewhat enlarged, it would only be in order to make possible easier handling of the vessels that at present could pass through the Welland Canal. He also stated that the pressure for larger locks had come almost exclusively from mercantile interests in the United States.

7. So far as we could learn yesterday, no economic or engineering studies on the proposal for larger locks and canals have been carried out by any of the United States agencies concerned with the St. Lawrence Seaway. Mr. Castle's staff, which, as you know, is still quite small, has prepared only two reports. The first is the costing study prepared by his engineers which we have already mentioned. The other is an estimate of traffic potential prepared by Dr. Hazard. Dr. Hazard's report, we understand, has now been submitted to Mr. Castle for consideration.

8. We would sum up our impression after this conversation with Mr. Castle as follows:

(a) It is quite possible that he may decide to leave unaltered the proposed dimensions for the United States locks at 800' long by 80' wide by 30' over the sills.

(b) If the St. Lawrence Seaway Development Corporation does decide to increase the dimensions of the United States locks, the increase will be comparatively small and will be made principally in the interest of greater manoeuvrability for ships that can now be accommodated in the Welland Canal.

(c) In that case, the corporation will not try very hard, if at all, to persuade the Canadian authorities to increase the dimensions of the new Canadian locks.

(d) In any event, there is no thought in Mr. Castle's mind of proposing that the Welland Canal be either enlarged or duplicated within the near future.

(e) So far as we can judge, Mr. Castle is sincerely anxious to get forward as quickly as possible with the construction of canals of approximately the same dimensions as those that have hitherto been contemplated in the engineering studies made by the United States and Canadian Governments and will not permit the will-o'-the-wisp of ideally dimensioned canals to delay an all-out programme of construction next spring.

584. DEA/1268-D-40

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

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

CONFIDENTIAL [Ottawa], November 12, 1954

ST. LAWRENCE SEAWAY: THE QUESTION OF IROQUOIS

I am attaching a telegram from Mr. Heeney in which he recommends that Mr. Howe, who will be seeing Secretary of Defence Charles Wilson at the beginning of next week, urge upon Mr. Wilson that the United States should refrain from building a canal and lock on its side at Iroquois. In Mr. Heeney's view there appears to be an increasing likelihood of the United States building at Iroquois, as directed by the Wiley-Dondero legislation; certainly we have no concrete evidence that the United States will *not* build.

2. One reason for Mr. Heeney's concern is a recent speech by Dr. Danielian, President of the Great Lakes-St. Lawrence Association (copy attached, and relevant parts marked on page 4).[146] Danielian devoted part of this speech to the necessity for the lowest possible tolls and gave a thinly veiled criticism of Canada for duplicating works (that will have to be amortized) at Iroquois which the United States is going to construct. Quite apart from the question of tolls, the explicit assumption throughout Danielian's speech is that the United States is going to construct at Iroquois.

3. In this regard I should mention that when the United States Seaway Corporation met with the Canadian Seaway Authority to discuss technical questions in September, Mr. Lewis Castle, President of the Corporation, called on an officer of American Division. In reply to a direct question Mr. Castle stated that he had not yet come to any decision about Iroquois and that, while he still considered that it was mandatory for the United States to construct there under the terms of the Wiley-Dondero Act he would postpone a decision until he had a chance to consult with Congressional leaders; this, Mr. Castle said, was surely the intelligent thing to do in view of Canada's decision to build at Iroquois.

4. There are two other factors that bear on this question. The Canadian Authority is currently moving a bridge from Lachine to Iroquois. This bridge will span the present canal and thereby give access to construction equipment for the new Canadian 27' canal. This means that Canada has *already* begun its preliminary works at Iroquois, and construction of the new canal and lock will proceed apace. If the United States were to build at Iroquois, the *United States* would therefore be duplicating works authorized by Canada in December *1951* and begun in November-December 1954. Mr. Danielian conveniently forgets that Canada enacted its legislation 2 1/2 years before passage of the Wiley-Dondero Act.

[146] Voir/See *Montreal Gazette*, October 28, 1954.

5. The other factor is that officials here are inclined to the view that while the United States Seaway Corporation indeed must construct at Iroquois under the terms of the Wiley-Dondero Act, there is nothing in the Act that makes it mandatory for the United States to do so *now*. As we interpret the Act (and we have recently asked the Embassy for its opinion on this point), the United States could postpone construction for some years at Iroquois, until such a time as traffic conditions warrant duplication of facilities. When that time comes the United States could then construct at Iroquois and thus finally fulfil the terms of the Wiley Act. If our interpretation of the Act is not correct the Administration admittedly would have to seek an amendment of the Act from the new Congress in order to refrain from building at Iroquois. We can, of course, appreciate the Administration's reluctance to do that, especially in view of the fact that another phase of the St. Lawrence project — Mr. Dewey's arrangements for the distribution of power — is apparently going to be investigated by a Senate Committee on Senator Lehman's instigation.

6. Mr. Heeney's assessment may well be right. However, your officials are not so sure that the Administration has made up its mind to build *now* at Iroquois (in fact, we learned on November 10 that Mr. Castle had not yet made up his mind on this point). Accordingly, it may not be advisable to approach the Administration with the pre-conceived notion that a decision unfavourable to us has already been taken regarding Iroquois. On the contrary, Mr. Howe might mention briefly and casually to Mr. Wilson that the Canadian Seaway Authority has already taken the first steps to build the Iroquois canal on Canadian soil (see the attached press release from the Seaway Authority dated November 13). If Mr. Wilson replies that the United States has taken a decision to build now at Iroquois, I have no doubt that Mr. Howe can then marshal the necessary arguments to impress upon Mr. Wilson the desirability of the United States *not* duplicating the Canadian canal at Iroquois *now*.

7. Because of lack of time I am enclosing an additional copy of this memorandum and its enclosures for transmission to Mr. Howe, if you desire.

J[ULES] L[ÉGER]

[PIÈCE JOINTE/ENCLOSURE]

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1940 Washington, November 12, 1954

CONFIDENTIAL. IMMEDIATE.

ST. LAWRENCE SEAWAY: CONSTRUCTION BY CANADA OF NAVIGATIONAL FACILITIES AT IROQUOIS

We are becoming increasingly concerned over the possibility that the United States may go forward with its plans to construct a canal at Iroquois that would

parallel the Canadian canal. We have not considered it politic to raise this question directly either with the State Department or with the St. Lawrence Seaway Development Corporation. But in speaking to State Department officials and to Mr. Castle about other aspects of the seaway, we have received the impression that plans here are being made on the firm assumption that a United States canal will be built at Iroquois.

2. It seems to us that such an outcome should be avoided if at all possible. The construction of duplicate canals at Iroquois would certainly lead to considerable criticism in this country. Indeed, the first ominous rumblings are to be heard in the speech given by Danielian in Cincinnati on the 27th of October. Most of such criticism would, we are afraid, be directed at Canada no matter whether Canada or the United States is the first to begin construction. Criticism here of the Canadian determination to build a canal at Iroquois on the grounds that such action would increase the capital costs and so the tolls that are to be applied towards amortization might perhaps be kept under some measure of control by skilful Canadian publicity work in this country. However, we would imagine that the construction of duplicate canals at Iroquois might also arouse considerable criticism in Canada of the policy adopted by the government. Twin canals there, without any paralleling of the navigational facilities in other reaches of the seaway, might seem such a strange result as to provide a target on which all those who for various reasons oppose the present policy could concentrate their fire. It would seem to us that both those who are deeply disappointed that an all-Canadian seaway is not to be built immediately and those, especially in the prairies, who have doubted the necessity for Canada to build any of the facilities that the United States is prepared to build, would in such circumstances be able to join forces and charge that the negotiations between the two countries had produced a monstrosity.

3. For these reasons, we have been wondering whether there might not be some way to dissuade the United States authorities from going forward with their plans to build at Iroquois. We are reasonably certain that it would be unwise for us to try our hand at the task, since any Canadian attempt, except at a very high level, to have the United States scrap its plans for a canal at Iroquois would almost certainly be interpreted, we think, as a sign of weakness. However, we think there would be less risk of such an interpretation if the task were undertaken by a senior Canadian Minister. Since Mr. Howe is to pay a visit at the first of next week to Mr. Wilson, the Secretary of Defense, and since the Department of Defense has responsibility under the President for the operations of the St. Lawrence Seaway Development Corporation, the idea has occurred to us that Mr. Howe might think it advisable to raise this matter with Mr. Wilson.

4. Knowing Mr. Wilson so well, Mr. Howe no doubt would have his own ideas of how best to raise this matter. In order to explain, however, the kind of approach that we have in mind, we may perhaps be forgiven for sketching very roughly the course of the remarks that we think Mr. Howe might make. After referring to the weight of public opinion in many parts of Canada in favour of an all-Canadian seaway, he might reaffirm the irrevocable decision of the Canadian Government to construct a canal at Iroquois. Then he might go on to say that it was his understanding that the campaign in the United States in favour of the seaway had been moti-

vated, first, by the desire that the seaway be built by someone and, second, by the desire that the United States have some share in its construction and so some voice in its operation. Mr. Howe might then point out that both these objectives could be achieved even if the St. Lawrence Seaway Development Corporation dropped its plans for building at Iroquois. Moreover, he could suggest that inevitably there would be criticism if, in the upshot, parallel canals were built at Iroquois without parallel facilities being constructed in any other stretch of the seaway.

5. It is our opinion that such an approach would have some hope of success and, indeed, that if — as we suspect — the United States authorities are still planning to build at Iroquois, no other type of approach is likely to be effective. We also think that, if an effort is to be made to budge the United States from what we believe to be its present position, it would be unwise to delay. We should therefore be grateful if you would consider this proposal. If you think it has merit, perhaps you might be able to discuss it with Mr. Howe before he leaves for Washington.

A.D.P. HEENEY

585. DEA/1268-D-40

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

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

CONFIDENTIAL [Ottawa], November 22, 1954

ST. LAWRENCE SEAWAY AND POWER PROJECT

There have been a number of recent developments on which I think you might wish to be brought up to date.

Iroquois Navigation Works

2. Mr. Howe has been assured by Secretary of Defence Charles Wilson that, although the Administration cannot say so publicly, they intend to "drag their feet" so as to enable Canada to get ahead with building the canal and lock on the Canadian side. This might subsequently require Congressional action in view of the terms of the Wiley Act, but Mr. Howe is satisfied that we can proceed on the assumption that the United States will not compete with us now at Iroquois.

3. While this is most welcome — if not completely unexpected — news, we will still encounter some public relations problems in both countries. *In the United States*, Dr. Danielian has recently made two speeches criticizing Canada for constructing duplicate facilities at Iroquois, thus increasing the total cost of the deep waterway and the tolls required to amortize it. Now that the seaway is a certainty, Danielian's organization has probably lost its main *raison d'être*; he is now apparently assuming the role of protector of lake shipping interests and may well continue with this line of criticism. *In Canada*, some critics have asked why — if we maintain that for Canada to construct at Barnhart now would be economically wasteful, and injurious to our relations with the United States — the same does not

apply to Iroquois. As the *Globe and Mail* puts it: "Whether Canadian construction (at Iroquois) constitutes half a courageous stand, or half an inexcusable waste makes an interesting question."

4. It would not be surprising if the Globe's line were taken up further in forthcoming months. To refute both it and the Danielian thesis about duplication, I think we have an even stronger argument than has been used hitherto. Canada took its decision, and enacted legislation, to build all St. Lawrence deep water navigation facilities between Lake Erie and Montreal, *including Iroquois*, in *1951*. In 1952 we secured the concurrence of the United States to this. The Wiley Act, authorizing United States construction at Barnhart and Iroquois, was passed *in 1954*. Later in 1954 Canada decided to refrain from building at Barnhart now, but *to continue* with its plans to build all the other works, including Iroquois, *in accordance with a decision and legislation on our books for three years*. Canada has now begun preliminary work at Iroquois. In this context, therefore, Canada surely cannot be construed as the duplicator.[147]

Iroquois Control Dam

5. The United States engineers have agreed to the Canadian proposal to shift the location of the control dam at Iroquois about 2,000 yards downstream. The State Department, the Department, and the I.J.C. are in agreement that this does not require re-opening the I.J.C's Order of Approval of October 29, 1952, (although the Federal Power Commission's license to the Power Authority of the State of New York (PASNY) will have to be amended). At its former site the control dam would have been located about half in each country, and it had been agreed between the power entities that Ontario Hydro (HEPCO) would construct the project. However, in its new location the dam will lie almost entirely on the United States side of the boundary, and the power entities have agreed that PASNY will construct it.

6. You will recall that the power entities arranged to divide between themselves the responsibility for the construction of the various component power works on the basis of practicability and of a more or less equal division of total costs. The Iroquois dam will cost nearly $23 millions and its construction by PASNY instead of HEPCO shifts the allocation of work between them considerably in PASNY's favour. Their officials are, therefore, discussing rearrangement of the work programme in order to restore the balance, and are attempting to shift some of the excavation and dredging work to HEPCO.

Dredging

7. About $93 millions of dredging is to be done in the power project of which about $72 millions is on the United States side and $21 millions on the Canadian. (These figures may have to be lowered somewhat in the light of recent developments). In addition, there is dredging to be done for the seaway on both sides of the boundary. It had heretofore been assumed that because of the highly restrictive United States law, Canadian dredges could not operate on the other side of the

[147] Note marginale :/Marginal note:
No — but the US gov't has been instructed to build & we have been authorized. Moreover it could be said that if this argument applies to Iroquois why not also to Barnhart. [L.B. Pearson]

boundary. This law would have meant that Canadian dredging interests would have been precluded from operating on the U.S. side, and also that two dredges would have to be employed on a piece of work straddling the boundary that one dredge could otherwise have handled, thus raising costs. It also meant that the problem of overall division of costs could not be effected so readily.

8. However, we have just learned that the United States Administration has decided to permit Canadian dredges to operate on its side of the boundary. This decision was taken on Mr. Anderson's request on behalf of Secretary Wilson, who had asked that the relevant coastal shipping and navigation laws be waived *in the interest of the national defence*. This was apparently the only way in which the waiver could be made. We have asked the Embassy to report on the precise basis on which the decision was made. As you will appreciate, the Canadian decision to accept or refuse to have U.S. dredges in Canada has serious implications not only as regards dredging for the power project ($93 millions) but also dredging for navigation works below Cornwall ($25 millions) and dredging in the Upper Lakes ($100 millions; we hope that the U.S. Congress will appropriate the funds for these last-mentioned works).

Senate Investigation of Power Arrangements

9. On the eve of the recent Congressional election Senator Lehman disclosed that he had requested, and had been granted, a Senate investigation into PASNY's arrangements for the distribution of power in New York State. Hearings are to be held by a subcommittee headed by Senator Langer, Republican of North Dakota, of the Senate Committee on the Judiciary. This may foreshadow an attempt by the Democrats to cite Mr. Dewey's arrangements for distribution of St. Lawrence power as another Republican "giveaway" of natural resources. (Franklin Roosevelt Jr. has called it a ten times bigger giveaway than Dixon-Yates). The question of public versus private power played no small part in the recent election campaign and may well grow during the next two years. Since Mr. Harriman faces a solidly Republican legislature in Albany, there is likely to be considerable political bickering within New York State and nationally on St. Lawrence power, of which Senator Lehman's move would be the first step. Officials here assume that neither Democrats nor Republicans in Albany or Washington will wish to alter the present arrangements for the *construction* of the power works, no matter what may develop on the *distribution* side and the F.P.C. license relevant thereto.

Canal and Lock Dimensions

10. Last month Mr. Castle, President of the United States Seaway Corporation, held hearings in the Pentagon to enable shipping interests, port authorities, and maritime and defence agencies to express their views on the dimensions of the new seaway works. The consensus was heavily in favour of locks of considerably larger dimensions than those currently contemplated by the United States and Canadian authorities, which are equated to the Welland Canal system. Mr. Castle then requested his engineers to prepare estimates of the cost of constructing larger and *deeper* facilities at Barnhart and Iroquois. Danielian has since taken the line that Canada, instead of duplicating the facilities at Iroquois, might better spend its money on enlarging the Welland Canal and the new works to be constructed in the

Canadian section of the St. Lawrence. Mr. Castle has been informed that Canada would not contemplate enlarging its facilities at this time, which would cost several hundreds of millions of dollars.

11. Last week Mr. Castle announced that the United States Corporation would stick to the original dimensions because "the Corporation is limited to the authorized expenditure of $105 millions" and because the original dimensions "are in conformity with the dimensions on the Welland Canal, and of prospective locks on the Canadian portion of the seaway, between Montreal and Massena".

Meetings Between the Two Seaway Authorities

12. Meetings are being held in Washington on November 23 between Messrs. Chevrier, Castle and their advisers. They will discuss tolls and dredging in a very preliminary way. We hope that, as a result of this meeting, we shall get some very useful information.

Article in "External Affairs"

13. An illustrated article on the St. Lawrence Project will appear in the November issue of the Departmental Bulletin. I hope that it will help correct a number of misapprehensions on this subject.

J[ULES] L[ÉGER]

586.

C.D.H./Vol. 84

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1994 Washington, November 23, 1954

SECRET. IMPORTANT.

Following for Paul Pelletier, Privy Council, from Chevrier, Begins: In the course of our meeting this morning the question of dredging operations came up for discussion. Mr. Castle referred to two incidents which occurred on the border near Cornwall where Mannix-Raymond have a contract from Hepco for certain coffer damming. He stated that a Canadian dredge was brought in against United States laws prohibiting the importation of foreign-built dredges, and where a tug crossed the border to do work on behalf of a contractor in violation of the United States coastwise regulations.

2. Both these cases had been dealt with by waivers of United States laws under the authority that this was for defence. Mr. Castle wanted to know if Canada would be willing to reciprocate. I indicated immediately that this was not a matter for the Seaway Authority to determine, but for the Government. However, I asked whether this was meant to apply to individual cases which came up along the border or to the broad question of dredging for power and navigation. Mr. Castle was not too clear at this stage, but said he rather thought it was in individual cases only.

3. Later on Mr. Castle brought to the meeting Mr. Lee of the State Department, who came to explain the legal position. Mr. Lee dealt at some length with the statutes of the United States prohibiting the importation of foreign equipment and said that unless there was some reciprocation on the part of Canada, the position would be a difficult one for them. Mr. Lee added that the St. Lawrence Development Corporation had initiated this request. I again asked whether it was the intention to deal with these cases individually as they arose or whether it was meant to seek reciprocation on behalf of Canada in the whole area extending from the Great Lakes down from Montreal. Mr. Lee then stated that all he was talking about was individual cases. Mr. Castle confirmed this and said that he had received numerous protests from shipping interests, labour unions and others against the use of Canadian dredges on American soil.

4. I gathered from the discussions, as did my colleagues of the Seaway Authority, that no attempt will be made to seek reciprocation on behalf of Canada for dredging operations generally, but that the request sought applies only to individual cases. My understanding is that when such cases arise, individual waivers will be requested. This, you will realize, is an entirely different problem from the one raised in our discussions. It would seem to me that there is no objection to dealing with the matter on this basis and is much preferable. I thought you should be advised of this at the earliest date so that you may pass this on to the Prime Minister, Mr. Marler, and Mr. Howe. The talks I had yesterday with the Prime Minister and Mr. Howe were based on the broad general basis of reciprocity for both power and navigation facilities. Ends.

587. CEW/Vol. 3175

Note du ministre-conseiller de l'ambassade aux États-Unis

Memorandum by Minister-Counsellor, Embassy in United States

CONFIDENTIAL [Washington], December 17, 1954

DREDGING IN THE ST. LAWRENCE PROJECTS

As you know I have been a little concerned recently that the question of dredging in the St. Lawrence projects may cause some irritation between Canada and the United States. My main concern, briefly, is that there may be in Ottawa some unwarranted suspicion of United States motives on this question, as well as some more or less innocent misrepresentation of previous developments and particularly of Canada's part in those developments.

2. The question of dredging has attracted attention in Ottawa and Washington from time to time since we began to negotiate with the State Department for some type of agreement on customs and immigration arrangements to be applied in the construction of the coffer-dams to be built in conjunction with the St. Lawrence power project. Each country has legislation which prohibits the operation of a foreign-built dredge in its own waters, and some efforts were made during the coffer-dam negotiations to see whether or not these restrictive laws could be waived to permit the most efficient and economical allocation of the work. At the outset Can-

ada took the initiative in seeking a waiver of the relevant United States laws on a reciprocal basis and members of the Embassy, in the early stages of the negotiation, left the United States Customs Bureau and State Department officials with that impression. That impression was strongly reinforced in the final stages of the negotiation when Ernest Côté explained the Canadian position on dredging in some detail to Hayden Raynor of the State Department.

3. Presumably as a result of those conversations, the State Department reviewed the United States position and told us, before the letters on the coffer-dams were exchanged, that there was a way in which the relevant United States laws could be waived. This was reported to Ottawa but we received no further word. When the letters finally were exchanged they were worded in such a way that vessels (i.e. dredges and pile drivers) were excluded from the waiver.

4. In the meantime, thinking in Ottawa on the waiving of customs duties had undergone some change, and the Canadian position seemed to be that no further customs concessions other than those for the power project coffer dams would be granted.

5. Just prior to Mr. Chevrier's recent visit to Washington we learned that the United States laws on dredging had been waived, presumably to expedite construction on the power project. You will recall that after his meeting with Mr. Castle, Mr. Chevrier reported to Ottawa that the United States authorities had inquired whether Canada would grant a reciprocal waiver. From Mr. Chevrier's message I would judge that he would probably favour a waiver that could be applied to individual cases as they arose, but probably would not favour the granting of a general waiver similar to that already existing on the United States side.

6. We have had no word from Ottawa yet on what the official Canadian reply to Mr. Castle's request is likely to be, but in the various papers sent to us for information we have noticed a number of references which lead us to believe that the tendency in Ottawa is to forget (a) that Canada initiated the request for a waiver, and (b) that we left the United States officials under the impression that we would have welcomed a waiver such as the United States now has put into effect. The end result may possibly be that in Ottawa the United States will be painted as the villain of the piece who granted the waiver for some ulterior motive, when, from our point of view at least, they have simply acted on the justifiable assumption that Canada wanted the waiver in the first place.

7. To conclude, it seems possible to me that if Canada does not reciprocate the United States action, the different positions of the two countries will almost certainly attract some attention in the press and some explanation may become necessary. If explanations are to be made it is essential, in my view, that all the facts in the case be presented fairly.

8. I am not suggesting that Canada should necessarily reciprocate the United States waiver. In fact, the present study of dredging being carried out in Ottawa might well indicate that it is in our own interest not to grant any kind of waiver. But if that is the eventual outcome Canada should at least be prepared to admit the part we played in earlier negotiations and to avoid misrepresenting the subsequent actions of the United States.

9. I should like you to know that this memorandum was prepared by Mr. Taylor.[148]

D.V. LEP[AN]

588. PCO/Vol. 97

Note du secrétaire adjoint du Cabinet pour le secrétaire du Cabinet

Memorandum from Assistant Secretary to Cabinet to Secretary to Cabinet

Ottawa, December 28, 1954

ST. LAWRENCE SEAWAY; U.S. PROPOSAL TO INCREASE LOCK DIMENSIONS

As I told you at lunch today Mr. Chevrier called me on the telephone this morning to inform me that Mr. Castle, the Head of the U.S. St. Lawrence Seaway Development Corporation, wanted to come to Ottawa shortly after the New Year to discuss with Mr. Chevrier and his engineers the desirability of increasing lock dimensions in the St. Lawrence Seaway by adding 2 feet to the depth (from 30' to 32' over the sills) and by adding approximately 50 feet to the length (to 891' from pintle to pintle).

You may recall that following some considerable speculation in the newspapers and elsewhere some time ago, the U.S. Corporation announced that the Welland canal specifications would be used throughout the piece. There apparently has been a change of heart again and they are now talking of lengthening and deepening the locks although there is no intention at this time to suggest widening them as the U.S. Corps of Engineers had suggested some time ago.

Mr. Chevrier suggested that we might ask our Embassy in Washington to try and find out informally from the State Department what is behind all this agitation. I think this is a good idea and the Department of External Affairs is accordingly getting in touch with the Embassy at Washington forthwith. At the same time Carl West will attempt, at the engineering level, to find out from General Robinson and company what is the essential motivation behind the suggestion.

Mr. Chevrier himself will be in Barbados for the first two weeks in January and his interview with Castle will therefore not take place until some time after the 17th.

P. P[ELLETIER]

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[148] Note marginale :/Marginal note:
I think this situation is (or might become) quite serious. The US (who are we know anxious to meet us where they can — they have proved this) go out of their way to grant our requests (advanced as a reciprocal solution). We have second thoughts for our own material reasons & remain silent. I think we should put this to the Minister — perhaps in a personal & confidential letter expressing our anxieties and enquiring. We should not however assume the low motives we suspect. A.D.P. H[eeney] Dec 17

SECTION E

GAZ NATUREL
NATURAL GAS

589. DEA/5420-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1162 Ottawa, July 3, 1954

CONFIDENTIAL

NATURAL GAS: F.P.C. OPINION NO. 271

The Minister has received a letter on the above-mentioned subject, dated June 28, from the Minister of Trade and Commerce, the text of which is quoted below. Your comments on Mr. Howe's letter would be appreciated. It would be useful if you could discuss the subject with Mr. N.R. Chappell (D.D.P. Washington) but you should not (repeat not) of course raise it in any way with United States officials. We have not yet been able to give any consideration to this matter and consequently are not able to let you have even preliminary views.

2. An acknowledgment of the letter will be sent immediately stating only that we are studying the questions Mr. Howe has raised and are seeking your advice. We would hope, however, to let Mr. Howe know very soon what action might appropriately be taken pursuant to his suggestions.

3. Text of the letter follows:

Ottawa, June 28, 1954

My dear Colleague:

No doubt your officers have considered Opinion No. 271 of the Federal Power Commission denying the application of Westcoast Transmission Company for permission to deliver gas into Washington and Oregon. In my judgment, this Opinion No. 271 contains implications that should be brought officially to the attention of the State Department.

The finding itself is found on page 9, as follows:

"... It is for these reasons and others, including the feasibility of the projects hereinafter discussed, that we conclude that the applications of Pacific and Colorado Interstate should be granted.

"Since the areas to be served by Pacific in the State of Washington and at Portland, Oregon, would be largely duplicated by Westcoast Inc. and Trans-Northwest,

these applications are mutually exclusive and the applications of Westcoast Inc. and Trans-Northwest must be denied."

While the finding is disappointing in itself, it calls for no comment from me. However, the reasons given for the finding must be challenged. I quote from pages 24 and 25, as follows:

"Such protection would not be afforded to any segment of the American people if its sole source of essential natural gas were through importation from a foreign country without some intergovernmental agreement assuring the continued adequacy of its supply. Otherwise, all control over the production, allocation and transportation to our border of such natural gas would be in the hands of agencies of foreign governments, whose primary interest would of necessity always be in the needs and advantages of their own people, and whose judgments and actions would be essentially dependent upon public opinion within that country, rather than upon the interests of American consumers. Regardless of any long and cherished friendly relations with any neighbour nation able to supply such area with natural gas, it would not be in the public interest to permit the importation of its gas as the sole source for the consumers in need of an uninterruptible supply at a reasonable price, which should always be assured by this Commission to the full extent of its powers.

"In this Pacific Northwestern section of our country there are potential industrial consumers of natural gas whose needs will be great and who may well be supplied with imported gas on a supplementary or interruptible basis. In any area which is receiving from an American source a supply of gas sufficient for its firm needs, it is conceivable that there might be imported to it from a neighbour country upon satisfactory terms and conditions a supplementary supply of gas for its interruptible needs. We do not consider it to be in the public interest, however, to authorize a most important new project to serve a major area — involving a large and important segment of the American economy — which from the outset will be completely tied to and wholly dependent upon an exclusive source of supply entirely beyond the control of agencies of the United States."

These paragraphs imply that foreign relations are being handled by a commission of the United States Government, rather than by appropriately constituted U.S. authorities. The argument against importation from foreign sources indicates that the Federal Power Commission has placed an embargo against the importation of Canadian gas into the U.S. on any firm basis. This is in effect tantamount to a complete embargo, as it would be impossible for any company to finance a gas supply from Canada to the U.S. solely on an interruptible basis. Therefore, the F.P.C. has laid down a general ruling that the U.S. cannot import natural gas from Canada.

It is worth noting that in the "orders" section of the Opinion, letters (F) and (G), page 33, the Commission dismisses without prejudice the rival applications of Northwest Natural, Glacier, and Northern Natural, while at the same time denying the application of Northwest Transmission. Surely all applications based upon gas supply from Canada should have been denied or all of them dismissed without prejudice, to maintain legal consistency.

It is also worth noting that during the Korean build-up this Department received some pressure from the Director of Defence Mobilization to make Canadian gas available to the Pacific Northwest. In particular, the Department received a very urgent request from the Director of Defence Mobilization to export gas to supply the Anaconda smelter, in Montana, and the Government responded by arranging a permit for the required export and by helping to expedite the building of a connecting pipeline. This export certainly was not on an interruptible basis. Incidentally, we recently received an application, sent on by the province of Alberta, to increase this export substantially, which application I had intended to recommend but which, in light of the recent F.P.C. ruling, must be denied.

It may be well to remind the State Department that Canada has been exporting electrical energy to the U.S. under firm contracts for the past forty years and that these contracts have always been carried out, regardless of the fact that the power exported was from time to time urgently needed in Canada, particularly during two war periods. Our legislation governing the export of electrical energy is the same legislation that governs our export of natural gas.

I do not know of any incident associated with the export of energy from Canada which would justify the finding of the F.P.C. Therefore, I believe that the State Department should be informed of the situation. However, this is a matter for your judgment.[149]

Yours sincerely,
C.D. HOWE

590.

DEA/5420-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1231

Washington, July 9, 1954

CONFIDENTIAL

Reference: Your teletype EX-1162 of July 3.

NATURAL GAS: FPC OPINION NO. 271

We agree with Mr. Howe that we should be instructed to draw officially to the attention of the State Department the passages he cites in the Federal Power Commission's opinion which provide some of the reasons for its denial of a licence to Westcoast Transmission. The various applications recently before the FPC for licences to supply the Pacific Northwest of the United States with natural gas involved such complicated issues, both of geology and of economics, that we do not think it would be appropriate for the Canadian Government to contest the deci-

[149] Voir/See *Globe and Mail*, June 19, 1954.

sion of the FPC — which, in any case, must be regarded as a quasi-judicial body. However, we do think that it would be both proper and desirable to discuss with the State Department the practical meaning and the further implications of the passages quoted by Mr. Howe. Nor would there be any impropriety, in our view, in suggesting that these reasons, which are of a political rather than a technical nature, bulk so large in the opinion of the FPC that it must be assumed they carried great weight with the Commissioners when they were reaching their decision.

2. No doubt every government must give priority to what it believes to be the interests of its own citizens. The Canadian Government did so when it was developing the policy on natural gas that was enunciated by Mr. Howe last March.[150] The same principle was followed when the Canadian Government rejected the proposal of the Aluminum Company of America that some of the headwaters of the Yukon River in Canadian territory should be diverted to the Alaskan Panhandle in order to make possible a large hydroelectric development in the Taiya River Valley.[151] But it is a far cry from that principle to the promulgation of an absolute doctrine that, in the absence of an intergovernmental agreement, facilities required by the people of one country should not be permitted to fall under the control of agencies of a foreign government as the FPC lays down in the case of natural gas required by the United States.

3. The meaning of that doctrine in practical terms, as Mr. Howe points out, is that it would be impossible for the United States to import natural gas from Canada. That should certainly be drawn to the attention of the State Department, we think, along with the consequences of applying that doctrine to the present arrangements for the flow of natural gas from Southern Alberta to the Anaconda Smelter in Montana.

4. Mr. Howe also suggests that the paras he quotes from the FPC's opinion imply that foreign relations are being handled by a commission of the United States Government, rather than by the appropriately constituted United States authorities. Although that possible implication might be lightly touched on in oral remarks to the State Department, we doubt whether it should be included in any more formal representations. The question of the scope of the jurisdiction of the FPC is a matter that is domestic to the United States; and we imagine that the Commissioners would argue that they were not exceeding their competence in basing their decision, in part, on the reasons which we find disturbing. In any case, that question opens up a highly debatable legal area on which we think it would be unwise for us to trespass.

5. However, we do think that there are further implications of the opinion that should be elucidated for the benefit of the State Department. In the recent St. Lawrence Seaway negotiations in Ottawa with the United States authorities, it was argued by the Canadian representatives that some guarantee would be required from the United States to ensure free right of passage for Canadian ships through canals in United States territory, subject only to the payment of tolls. The United

[150] Voir Canada, Chambre des Communes, *Débats*, 1953-54, volume III, pp. 2982-2984./See Canada, House of Commons, *Debates*, 1953-54, Volume III, p. 2817-2819.
[151] Voir/See Volume 17, Documents 841-843.

States representatives, we understand, replied that it would be difficult for their government to give such a guarantee and suggested that Canada should rely on the good faith and good sense of the United States Government and people.[152] We might point out to the State Department that, if the Canadian Government were to adopt the doctrine set forth in the FPC's opinion, it would categorically insist that, as the trustee for the transportation interests of the Canadian people, it could not, in the absence of an intergovernmental agreement, be a party to arrangements under which transportation facilities that are vital to Canada would fall under the sole control of an agency of a foreign government; and that, if the United States Government could not guarantee free right of passage, the Canadian Government would be obliged to reject cooperation from the United States and proceed without delay to build an all-Canadian seaway.

6. We think that an argument of this kind would not only be fair, but might be expected to produce a double effect. We are not so simple-minded as to imagine that it would produce a reversal overnight in the position of the FPC or of the United States negotiators on the St. Lawrence Seaway issue. However, we would expect it to have the effect

(a) Of inducing the administration, and particularly the White House to bring some private pressure to bear on the FPC by pointing out to them how awkward their doctrine might prove if applied by other governments in other situations; and

(b) Of suggesting to the United States negotiators on the St. Lawrence Seaway issue that they must come some way to meet our requirements that free right of passage for Canadian vessels through the United States canals be guaranteed by the United States Government. In other words, while not expecting to obtain full satisfaction on either score, we think that such an approach might shake the United States position at two points of importance to us and make their officials rather more malleable to our views. The effect in the field of natural gas might be to put the FPC Commissioners in a rather different frame of mind when they are hearing the appeal that is to be filed by Westcoast Transmission.

7. If you think there is merit in this suggestion, we think that our representations should be made to the Bureau of European Affairs in the State Department, which handles the St. Lawrence Seaway, rather than to the Bureau of Economic Affairs, which, although responsible for the State Department's interest in natural gas questions, has little authority in this field, according to our experience. In any case, we agree with Mr. Howe that we should be instructed to discuss with the State Department the passages in the FPC's opinion which he has cited.

[152] Voir/See Document 579.

591. DEA/5420-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1324 Washington, July 29, 1954

CONFIDENTIAL

Reference; Your teletype EX-1277 of July 26.†

NATURAL GAS: FPC OPINION NO. 271

We called yesterday at the State Department on Hayden Raynor, Director of the Office of British Commonwealth and Northern European Affairs, to express the concern of the Canadian Government over some of the implications of opinion No. 271 of the Federal Power Commission. In order to emphasize the importance of the representations, we separated sharply the meeting at which they were made from our ordinary weekly consultations with Raynor, which also took place yesterday. Because of your instructions that the comments to be made on the opinion should be expressed in a "completely informal way", we hoped that it would not be necessary to leave any piece of paper at the State Department and we did not take one with us yesterday afternoon. However, as you will appreciate, these natural gas issues are not only complicated but fall somewhat outside the normal scope of the State Department's activity. When, therefore, we had completed our oral representations and Raynor indicated that he would be grateful to have something in writing on this subject, we thought we should try to oblige him. Our immediately following teletype contains the text of the informal unsigned memorandum which we are sending to Raynor this morning. The oral representations we made to him yesterday were virtually identical to what is set out in the memorandum.

2. Although Raynor offered a few personal comments on what we had said, which at least showed that some consideration had already been given to the FPC's opinion in the State Department, he was not in a position to make any official rejoinder to the views we had expressed. However, he indicated that the passages of the opinion which we had cited had also disturbed the State Department and had aroused interest and concern in the Office of Defense Mobilization. Raynor concluded by saying that when he had had an opportunity to study our memorandum, he would hope to be able to comment on it officially.

3. We wonder whether any thought has been given in Ottawa to the possibility of placing this whole subject of the export and import of natural gas by Canada and the United States on the agenda for the next meeting of the joint United States-Canadian Committee on Trade and Economic Affairs. It seems to us that this might be advisable, although, of course, no decision could be taken until we know when the next meeting is to be held and can gauge with greater accuracy what will be the status at that time of the various natural gas issues in which we are interested.

592. DEA/5420-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1325 Washington, July 29, 1954

CONFIDENTIAL

Reference: Our immediately preceding teletype WA-1324 of today's date.

NATURAL GAS: FPC OPINION NO. 271

Following is the text of the memorandum being sent to the State Department this morning. Text begins:

The Canadian Ambassador has been instructed to draw to the attention of the State Department the following passage to be found on pp. 24-25 of opinion No. 271 of the Federal Power Commission, which was issued on June 18, 1954:

(At this point in the memorandum are included three paragraphs from the Federal Power Commission's opinion quoted by Mr. Howe in his letter to you of June 28. We also included the immediately preceding paragraph in order to make the excerpt self-explanatory.)

The Canadian Government is disturbed at what seem to be the implications contained in the last two paragraphs of this passage from the opinion of the Federal Power Commission. The argument against importation from foreign sources implies that the Commission has placed an embargo against importation of Canadian gas into the United States on any firm basis. This is, in effect, tantamount to a complete embargo, as it would be impossible for any company to finance the supply of natural gas from Canada to the United States solely on interruptible basis. Therefore it would seem that the Commission has laid down a general ruling that the United States cannot import natural gas from Canada.

In this connection, the Canadian Ambassador wishes to point out that, during the Korean build-up, the Canadian authorities were urged by the Director of Defence Mobilization in the United States to made Canadian gas available to the Pacific Northwest. In particular, a very urgent request was received from the Director of Defence Mobilization that gas should be exported from Canada to supply the Anaconda Smelter in Montana. The Canadian Government responded by arranging a permit for the required export and by helping to expedite the construction of the connecting pipeline. This export has certainly not been on an interruptible basis.

The Canadian Ambassador also wishes to remind the State Department that Canada has been exporting electric energy to the United States under firm contracts for the past forty years. These contracts have always been carried out regardless of the fact that the power exported was from time to time urgently needed in Canada, particularly during two war periods. The Canadian legislation governing the export

from Canada of electrical energy is the same legislation as governs the export of natural gas from Canada.

Although not seeking at this time to contest in any way the findings of the Federal Power Commission contained in its opinion No. 271 which, it is realized, are based on many considerations of fact and law, the Canadian Ambassador wishes to point out that the action of the Commission in distinguishing between the applications of Northwest Natural Gas Company, Glacier Gas Company, and Northern Natural Gas Company, on the one hand, and the applications of Westcoast Transmission Company, Inc., and Trans-Northwest Gas Company, Inc., on the other, and dismissing without prejudice the three former applications (while at the same time denying the two latter applications) would hardly seem to be consistent with the principles enunciated in the passage from the Commission's opinion which has been quoted above.

Finally, the Canadian Ambassador wishes to suggest that, if other governments — and particularly the Canadian Government — were to adopt the doctrine set forth in the Federal Power Commission's opinion co-operation between governments in many fields would be impossible in the absence of binding governmental agreements. Text ends.

DEA/5420-40

593.

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1817 Washington, October 19, 1954

SECRET. IMPORTANT.

Reference: Our teletype WA-1324 of July 29.

NATURAL GAS

For some time we have been coming to the conclusion that the time might be ripe for a discussion at a high level between the United States and Canada of exports and imports of natural gas across the border. The denial by the Federal Power Commission of the application of the West Coast Transmission Company to supply natural gas to the Pacific North West area of the United States and the informal representations that we felt obliged to make to the State Department concerning the original judgment by the Federal Power Commission in that case, illustrate the difficulties that may be expected to keep cropping up unless there is a better appreciation within the United States Government of Canadian policy in this field and unless it is more clearly realized on both sides of the border what can and cannot be done to facilitate the movement of natural gas.

2. As we understand it, the policy of the Canadian Government is that natural gas available in Canada should be reserved in the first instance for Canadian consumers

but that supplementary quantities, including specifically those in the Peace River fields, may be exported to the United States. We gather that it is also reasonably clear that unless outlets can be arranged in the United States for some of the natural gas available in Canada, the national policy of the Canadian Government in this field may be considerably hampered. There would, therefore, seem to be advantage in making clear at the highest levels in the United States Government what the Canadian policy is and the cooperation that we would wish to obtain from the United States.

3. You will be aware that the entrepreneurs behind the West Coast Transmission Company have been showing some interest in the possibility of an inter-governmental agreement between the United States and Canada in the natural gas field to assure for a fixed period of years supplies from fields in Canada which, in the opinion of the Canadian authorities, might be used to meet United States requirements. This idea has also received some consideration within the State Department, as was made apparent in a letter of the 15 September from Mr. Outerbridge Horsey to Mr. C.D. Johnston, President of the United States Chamber of Commerce. We are by no means sure that such an inter-governmental agreement would be either necessary or desirable. But it must be assumed that that possibility would be raised on the United States side if there were a discussion between Canadian and United States ministers of natural gas problems.

4. We are not even sure that it would be desirable to try to formulate a set of principles or objectives in this area that could serve as guides for particular decisions. But at the very least we believe that there would be no harm and possibly considerable advantage in a thorough and realistic airing of the issues involved between ministers. Although it would be easy to over estimate the importance of the conclusions reached by the joint United States-Canadian Committee on Trade and Economic Affairs last March, we are inclined to think that the discussion which took place at that time has had considerable value subsequently in protecting Canadian interests from the worst excesses of protectionist pressures in this country.[153] A discussion of natural gas in that committee or in the Joint Industrial Mobilization Committee might be expected to have similar beneficial effects, we think.

5. It might, of course, be objected that such a discussion could hardly be expected to influence United States policy since responsibility for it lies largely in the hands of the Federal Power Commission, which is an independent and quasi-judicial body established by the Congress rather than by the President. Certainly that circumstance would limit the usefulness of any such inter-governmental discussion as we are suggesting. But it would be naive to think that the administration is powerless to influence the Federal Power Commission. If our wishes in this field were fully known and understood by the administration, we could have more hope that the FPC would take them into account in its judgments.

6. We realize that you and your colleagues must walk warily in this field. The pipeline builders resemble the railroad builders of an earlier age not only in the scale of their operations but in the amount of money they stand to gain. The shift-

[153] Voir/See Document 525.

ing combinations between the various interests and the United States origin of much of the capital in these Canadian pipeline ventures are also as confusing as they were in the railroad era. All these considerations certainly dictate caution. Nevertheless, the fact remains that we have a national policy in this area which depends for its reasonably rapid implementation on some measure of United States cooperation. To explore at the highest level the degree of cooperation that we may expect to obtain would, therefore, seem to us to be the path of wisdom.

7. In the meantime, there is a related question which is both wider and more urgent. As you know, the President has established a committee on energy supplies and resources policy, which has been asked to report by the 1st of December. Should Canadian representations be made to that committee? That is a question which is examined in our immediately following telegram.

DEA/5420-40

594.

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1818 Washington, October 19, 1954

SECRET. IMPORTANT.

Reference: Our teletype WA-1817 of October 19.

CABINET COMMITTEE ON ENERGY SUPPLIES AND RESOURCES POLICY

In your unnumbered despatch of August 25,† you requested whatever information we might be able to obtain about the Cabinet Committee on Energy Supplies and Resources Policy which has been asked by the President to report by the 1st of December, 1954. Such information as we have been able to collect is contained in this message. In addition, we thought that you might welcome some comment from us on the question of whether or not it might be useful for the Canadian Government to make representations to the new committee.

2. But first of all, for the genesis and work of the committee. We have been informed by the State Department that it grew out of an earlier unpublicized cabinet committee which was established to consider the problems of the coal industry in the United States. After this committee had been at work for some time, it came to the conclusion that it could not sensibly tackle the problems of the coal industry without broadening its scope to include consideration of competing forms of energy. It therefore recommended — and the President agreed — that a larger committee on energy problems should be established.

3. The new committee, which is composed of the Heads of the Departments of State, Defense, Justice, Interior, Commerce and Labour, and which sits under the Chairmanship of Dr. Arthur Flemming, Director of the Office of Defence Mobilization, has already held two meetings, we have learned from the State Department.

It has surveyed in a preliminary way the scope of the enquiry before it and has created a task force where much of the real work will be done. This is headed by Mr. Hames F. Brownlee, a New York banker who is a partner in J.H. Whitney and Company. The staff director of the task force is Mr. Joseph L. Fisher, who has been Associate Director of Resources for the Future, Inc. We have been told that Mr. Herbert Hoover, Jr., the new Under-Secretary of State, (who is a petroleum engineer by profession) has been showing great interest in the work of the committee and will ordinarily attend in place of Mr. Dulles.

4. Since the mandate of the committee includes petroleum and natural gas, we have wondered whether it might not be advisable for the Canadian Government to make representations to the committee in an effort to promote the rational use of North American supplies of petroleum and natural gas within the limits of the national policies of Canada and the United States. We have been informed by the State Department that the committee's task force already has found itself obliged to look beyond the territorial boundaries of the United States and take at least some cognizance of Canadian sources of supply. Mr. Fisher has also told the State Department it would be entirely appropriate for the Canadian Government to make representations to the committee, if it so desired.

5. On balance, we think that it might be in Canada's interest to submit a brief to the committee. This would provide an opportunity to make the case for exports of natural gas from Canada to the United States and to curb some of the more extreme nationalist views that have been rife within the Federal Power Commission. A Canadian brief might also draw attention to the two oil pipelines which now cross the United States border. The advantages of these pipelines to the United States, especially in an emergency, might be stressed and the attitudes which have given rise to the recent decision of the general services administration to apply the buy-American legislation to petroleum products might be combatted. Such representations might be of particular value at a moment when the protectionist campaign of a number of oil producers in the United States seems to be reaching a new peak. A brief of this kind would also presumably include some statistical information about Canada's resources of oil and natural gas.

6. In spite of the possible usefulness of such representations it must, however, be borne in mind that the core of the Cabinet Committee's mandate remains the problem of unemployment in the coal industry in this country. It should therefore perhaps be assumed that there may be more interest within the committee in what has been done by the Canadian Government to subsidize coal production in Canada than in Canadian efforts to export natural gas and petroleum to the United States. If it is decided to submit a Canadian brief, it should be prepared in such a way as to make allowance for that interest on the part of the committee even though nothing were said about the problems of coal mining in Canada.

7. In theory, comprehensive Canadian brief should also cover exports of electricity, diversion of waterpower and exports of stored water-power, as well as exports of petroleum and natural gas. We doubt, however, whether it would be either necessary or desirable to give anything but passing mention to these subjects in a Canadian brief if it is decided to submit one. The press release announcing the formation

of the Cabinet committee made no mention of Hydro-Electric energy, although it referred specifically to coal, petroleum and natural gas. Moreover, so many water-power questions fall within the mandate of the International Joint Commission that it might perhaps be confusing to include them in a brief to the Cabinet committee. However, we imagine that those who might be charged with preparing a brief would want to keep at least in the back of their minds the following facts:

(a) The long-standing arrangements for the export of electric power from Canada to the United States at a number of points along the border and the new application for the export of power from the Kootenay River;

(b) The refusal of the Canadian Government to sanction the Taiya River project for the diversion of water-power to serve a proposed Alcoa plant in Alaska, and the encouragement given to the Frobisher interests to proceed with a roughly comparable scheme in the Yukon and Northern British Colombia;

(c) The continuing Canadian efforts within the International Joint Commission to establish the doctrine of downstream benefits for upstream storage; and

(d) The recent decision of the Government of British Columbia to provide Hydro-Electric power for the Kaiser Aluminum Company by agreeing to the storage of water in the Arrow Lakes.

8. The number of considerations that would have to be borne in mind in drafting a Canadian submission would thus seem to be extremely large. Notwithstanding that, we think that any brief it might be decided to submit might well omit any overt reference to water-power and Hydro-Electric issues and might focus instead on Canada's surplus resources of petroleum and natural gas and on the need to find logical outlets for them in the United States. In other words, before any representations are made to the new committee it seems to us that synoptic view should be taken in Ottawa of all the existing and proposed arrangements for the export of energy from Canada to the United States, so that our interests in any one sector would not be compromised by what we might say about another sector of this broad front. But such a wide-angled view of the problem as a whole would be for our own benefit merely and would not preclude us from singling out particular aspects for discussion from time to time with the United States authorities. The present moment would seem to be opportune for making a case to this new Cabinet Committee for the removal of the obstacles and uncertainties that now prevent the export of natural gas (and, to a lesser extent, of oil) from Canada to the United States in a rational way.

9. If it is decided to make any submission to the new Cabinet committee on energy supplies and resources policy, the submission should be ready, if possible, within the next fortnight.

595. DEA/5420-40

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

Secretary of State for External Affairs to Ambassador in United States

DESPATCH X-1317 Ottawa, November 2, 1954

SECRET

Reference: Your Teletypes WA-1817 and WA-1818 of October 19, 1954.

U.S. CABINET COMMITTEE ON ENERGY SUPPLIES AND RESOURCES POLICY

I have read your messages with considerable interest and have referred them to Mr. Howe and to senior officials in the Departments of Trade and Commerce and Northern Affairs and National Resources.

2. You have no doubt realized that if the Canadian Government were to submit a brief to the United States Cabinet Committee on Energy Supplies and Resources Policy, one problem that would arise is that any exposition of Canadian policy would have to reveal possibly as many exceptions to prevailing policy in each sector of the energy resources field as there are manifestations of the policy itself. Undoubtedly the preparation of such a brief would prove a useful exercise in itself, regardless of the advisability of submitting it officially to the United States Cabinet Committee at this time.

3. The Departments of Trade and Commerce and Northern Affairs and National Resources have, of course, the primary responsibility in this field. I have now received a letter from Mr. Howe, a copy of which is enclosed, in which he expressed the view, with which I agree, that this would not be an opportune time to discuss the question of export and import of natural gas with the United States, and that high level discussions in, say, the Joint Economic Committee would tend to delay decisions on pending applications for both the export and import of gas. Furthermore, he thinks that it would be unwise at this time to find ourselves involved, as we inevitably would be involved, in a discussion with the United States of the question of the storage of water in Canada for the generation of power in the United States, and of the complicated subject of down-stream benefits.

4. For these reasons, therefore, I would not be inclined to recommend that the particular suggestions put forward in WA-1817 and WA-1818 be implemented at this juncture. Your messages have, however, proved to be most useful in emphasizing the importance of developing a "synoptic view", which will doubtless serve us in good stead when a more propitious time arrives for discussions with the United States.

L.B. PEARSON

[PIÈCE JOINTE/ENCLOSURE]

Le ministre du Commerce
au secrétaire d'État aux Affaires extérieures

Minister of Trade and Commerce
to Secretary of State for External Affairs

Ottawa, October 23, 1954

My dear Colleague,

RE — NATURAL GAS

I have in hand message addressed to yourself from our Ambassador at Washington, No. WA-1817, of October 19th.

My own feeling is that this is not an opportune time to discuss with the United States exports and imports of natural gas across the border. It seems to me that everything is reasonably in hand at the moment, and that high level discussions at this time would tend to delay applications both for export of gas from Canada and import of gas into Canada that we would like to see expedited.

It would seem to me that any discussion of gas would be bound to bring up the very contentious subject of use of Canadian waters to generate power in the United States, which is presently under study by the International Joint Commission and which will be the subject of legislation at the next session of Parliament.[154] I feel that we are not in a very sound position in this controversy and I think the chances of improving our position at a high level conference would be nil.

The time will come when it will be worth while to discuss these matters at a high level with the U.S., but it seems to me that the present is not an opportune time. Perhaps by next spring some of the matters presently in controversy will be resolved and at that time we might attempt to establish policy decisions. I would suggest that you advise our Ambassador accordingly.

Yours sincerely,
C.D. HOWE

[154] Voir/See Document 604.

SECTION F

CÂBLE TRANSATLANTIQUE
TRANS-ATLANTIC CABLE

596. DEA/11709-A-40

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

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

CONFIDENTIAL [Ottawa], December 9, 1954

COMMERCIAL CABLE COMPANY'S APPLICATION FOR PERMISSION TO LAND A COAXIAL CABLE IN CANADA

Consideration of this application has now reached a stage in the Ad Hoc Interdepartmental Committee which warrants a further report to you following my memorandum of November 23,† particularly since the matter will certainly be raised soon in Cabinet by the Minister of Transport probably at next week's meeting.

On December 1 the Ad Hoc Committee had before it a Draft Memorandum to Cabinet† based on the discussions which had already taken place. We circulated a number of comments on this Draft most of which were accepted without much discussion. I attach for reference purposes copies of the minutes of this meeting† and of the memorandum for the Minister of Transport as approved.[155] We have not however seen the covering memorandum which the Ministry of Transport is preparing for submission to Cabinet.

We differed at the meeting with the Department of Transport on the procedure originally proposed. The memorandum which Transport had prepared contained, in addition to recommendations concerning the C.C.C. application, paragraphs setting forth the general outlines of a Canadian national policy for the telecommunications field. It seemed to us that an important policy of this kind should not be settled in such a relatively short time merely because a particular application had been received. However, the Department of Transport representatives felt that they had considered this and similar problems so frequently that it was not only possible but desirable to put forward the basis of general policy at the present time.

In the light of the changes made in the conclusions of the original Transport memorandum (which would have the effect of making these conclusions regarding future policies less rigid and nationalistic), and because the subject matter is so closely the concern of the Department of Transport, we did not feel justified in holding up the Committee's memorandum.

We also suggested that the submission should not be made to Cabinet until the views of the Chiefs of Staff had been obtained. We understand that Transport may

[155] Voir/See Document 598.

proceed before these views are ready but this fact will certainly be noted in the memorandum to Cabinet.

I do not feel that this Department needs to put forward reservations concerning the revised conclusions reached by the interdepartmental committee. In general, the position is that the C.C.C. could be granted landing licenses for the cable, subject to certain technical stipulations, on the condition that the company undertakes not to terminate circuits in Canada except for:

(i) defence communication requirements to points outside Canada in excess of presently available circuits and/or.

(ii) circuits for commercial uses leased to Canadian owned or controlled companies.

One important suggestion which we made and which it is hoped Cabinet will approve is covered by paragraph 18 of the memorandum for the Minister of Transport. It seemed desirable to protect ourselves against possible recriminations by the United States authorities suggesting that Canada had refused to grant permission for a cable necessary for the defence services of United States and of NATO. We proposed that the United States Embassy here be advised that if the United States Government wished to separate the defence aspects, and to submit a proposal for the landing of a cable by the United States Government to serve defence installations in Greenland, Iceland or the United Kingdom, such a proposal would be given the speedy consideration customary in defence matters between our two countries.

We have advised Mr. Robertson of these developments and he will shortly be discussing this question with the United Kingdom Postmaster General.

We also gave Earnscliffe a copy of the conclusions contained in the memorandum to the Minister of Transport in return for the information which Earnscliffe had previously provided on the reaction at the United Kingdom official level to the C.C.C. application. In doing so, we emphasized that these conclusions had not yet been approved by Ministers. In addition, during the Ad Hoc Committee meetings, we made it clear that we were participating without knowledge of your views and that you should be regarded as uncommitted.

Mr. MacLaren's law firm have already written the Minister of Transport concerning the C.C.C. application. The Commercial Cable Company will certainly not like the reservation contained in (ii) above if it is approved by Cabinet, and we will no doubt have further representations from Mr. MacLaren.

Have you any comments on these developments which you wish us to discuss with officials of other Departments?[156]

J[ULES] L[ÉGER]

[156] Note marginale :/Marginal note:
The proposed recommendations seem to be satisfactory to me. L.B. P[earson]

597. DEA/11709-A-90

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

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

SECRET [Ottawa], December 16, 1954

EXTERNAL COMMUNICATIONS POLICY AND THE APPLICATION OF THE COMMERCIAL CABLE COMPANY

At its meeting this afternoon Cabinet will be asked to consider the attached memorandum of December 15 from the Minister of Transport. Supporting that document is a further and longer memorandum (copy also attached) dated December 3, containing the report of an Ad Hoc Interdepartmental Committee which has been considering the CCC's trans-Atlantic coaxial cable project. The Minister's memorandum is substantially the same as the Committee's one, and ends up with the same recommendations, in effect.

2. Mr. Pearson had an opportunity to examine the memorandum of December 3 before leaving for Paris, and he indicated that the proposed recommendations seemed to him to be satisfactory. I also attach the covering memorandum to the Minister, dated December 9. There is little that can usefully be added to that memorandum, except perhaps to elaborate the point in the fourth paragraph about the rigid and nationalistic slant of the original draft prepared in the Department of Transport. The reason we felt this should be softened was that we were concerned about the long-range implications to our relations with the United States in the field of commercial policy (e.g. in the case of natural gas) of pursuing too vigorously a narrow protectionist policy. However, we are satisfied with the present submission which leaves open the way (in paragraphs 6, 7 and 8) to making an offer to the United States Government, through their Embassy here, to consider speedily any separate proposal coming from them on the subject of their defence requirements alone. In this connection, if Cabinet approves Mr. Marler's recommendation (C), you may wish to have Cabinet confirm that this Department is to act in accordance with paragraph 18 of the memorandum of December 3 and advise the U.S. Embassy in the sense of the foregoing sentence.

J[ULES] L[ÉGER]

598. PCO

Note du ministre des Transports pour le Cabinet

Memorandum from Minister of Transport to Cabinet

CABINET DOCUMENT NO. 277-54 [Ottawa], December 15, 1954

SECRET

RE EXTERNAL TELECOMMUNICATION POLICY

Application of Commercial Cable Company of New York

1. An application has been received from the Commercial Cable Company, New York, for permission to land in Canada a coaxial submarine cable between the United States, Canada, Greenland, Iceland and the United Kingdom. Of the stated number of 120 circuits, 20 would be reserved for the exclusive use of the U.S. Armed Forces in Greenland, Iceland and Europe, 24 would be terminated at Canso, N.S., and an unstated number would be terminated at Clarenville, Newfoundland.

The Company has statutory authority, granted 70 years ago, to carry out telecommunication operations in Canada, but under Section 22 of the Telegraph Act it needs a landing permit for the proposed cable.

2. As the application involves (a) possible defence needs of the United States, Canada and the United Kingdom and (b) the commercial aspirations of a U.S. telecommunications company, officials from the departments concerned have at my request studied this application in the light of government policy and have submitted to me a memorandum, of which a copy is attached hereto. Its principal points are summarized below.

Consideration of this application seems to make it desirable also to re-examine our legislation as to external telecommunications.

The Present State of Canada's External Communications

3. At present Canada's external communications are handled by Canadian Overseas Telecommunications Corporation (a Crown company, usually called C.O.T.C.) and by Commercial Cable Company and Western Union, both U.S. companies. (The attached memorandum in paragraphs 6 to 10 inclusive gives the background of C.O.T.C. and a summary review of its place in Commonwealth communications.)

The business in Canada originated by Canadian National Telegraphs is handled by Western Union under an exclusive contract, while Canadian Pacific Telegraphs divide their business between Commercial Cable and C.O.T.C., both of which have business of their own. In consequence C.O.T.C. handles only about one-third of Canadian business while the remainder goes to these two U.S. companies.

As Commercial Cable are almost certain to acquire the external communications of Western Union, they will thus obtain control of about two-thirds of Canada's external message traffic.

4. C.O.T.C. under the terms of an Agreement made in 1953 (hereinafter referred to as the "1953 Agreement") is participating in the laying of a trans-Atlantic coaxial telephone cable with the American Telephone and Telegraph Company, Eastern Telephone and Telegraph Company, its Canadian subsidiary, and the British Post Office. This cable, involving an investment by C.O.T.C. of $4,500,000, will when completed provide telephone and telegraph facilities that are considered ample to meet Canada's needs for many years.

It is important to note that coaxial cables are capable of carrying about 2,000 times as many messages as the most modern of the existing trans-Atlantic cables.

The present investment of C.O.T.C. amounts to $4,257,162, and their present capital commitments amount to a further $9,563,101, making a total of $13,820,263.

The Commercial Aspirations: Dangers to Canadian Investment of the Commercial Cable Proposal

5.(a) The high rental to be paid by the U.S. Armed Forces for facilities to be leased by the Commercial Cable Company would constitute a substantial subsidy to them in competition with Canadian-owned carriers.

(b) In Newfoundland (where an unstated number of circuits in the proposed cable are to be terminated) telegraph service is now provided by Canadian National Telegraphs and telephone service by the C.O.T.C. and domestic telephone companies. These services now handle much of the military traffic between U.S. bases in Newfoundland and the United States. These Canadian companies have heavy capital commitments to provide ample facilities for foreseeable needs for Canadian and U.S. telegraph and telephone services.

(c) The proposal to terminate 24 circuits at Canso, N.S., would enable Commercial Cable Company to compete for all Canadian overseas telephone, telegraph, telex and facsimile services for which ample provision is now being made by C.O.T.C. to supplement their existing facilities. Commercial Cable, moreover, could lease some of their circuits to American Telephone and Telegraph Company which could use them for Canadian business and thus circumvent the restrictive clauses of the 1953 Agreement (Cf. Paragraph 4 *supra*) which were designed to preclude the use of U.S. circuits in the coaxial cable for Canadian business.

(d) Besides, even if Commercial Cable were given no traffic rights in Canada, it would be possible, because of the high capacity of the cable and the subsidy content of the rental to be paid for circuits in the proposed cable by the U.S. Armed Forces, for further serious effects to be felt by Canadian telecommunication companies. By using its existing facilities for telegraph traffic and for teletype services to and from Canada, Commercial Cable could provide service at low rates that could not be met on an economic basis by C.O.T.C.

Defence Needs

6. As will be observed from U.S. Government Note No. 89 of 18th November 1954† (of which a copy is attached to the officials' memorandum attached hereto), "the United States Joint Chiefs of Staff have concluded that there are important needs for this cable. The United States Department of Defense has concurred in this view. The Joint Chiefs of Staff consider the proposed cable a requirement for national defense and NATO". In this Note the U.S. Government expresses the hope that it may be possible to give favourable consideration to the application.

7. The Canadian Chiefs of Staff have been asked for an opinion as to the importance of the proposed cable from the standpoint of Canadian defense.

8. Service authorities in the United Kingdom, considering the matter solely on defense grounds, have been advised to support the application.

9. The attitude of the United Kingdom Government with regard to the matter is not yet known, but authorities at official level have given us their views which are embodied in a *draft* message, a copy of which will be found in Paragraph 17(a) of the memorandum attached hereto. The most significant phrase of that message follows:

"The U.K. Government regret that, in these circumstances, they cannot as at present advised see their way to permitting the projected cable to be used for purposes other than defense."

10. The Danish Government, I understand, appear to hold a similar view. (Cf. memorandum, Paragraph 17(b))

Existing Legislation

11. Under Section 22 of the Telegraphs Act, the Governor in Council may, for reasons relative to the public interest, refuse an application or attach conditions in approving a cable landing. This, however, is not a licensing system and there are such serious doubts as to the possibility of enforcing conditions as would justify amendment of the Act to provide for a more adequate licensing procedure.

12. As it is believed that the new facilities for Canadian traffic to be provided by C.O.T.C. by means of the Canadian circuits in the coaxial telephone cable to be laid under the 1953 Agreement will be entirely adequate for Canadian needs and as the agreement prevents the use of the other circuits in the cable to compete for Canadian business, it seems desirable that any new legislation should be designed (a) to facilitate the development of external communications by companies that are Canadian-owned and controlled, and (b) to avoid needless duplication of facilities and unreasonable competition.

[G.C. MARLER]

[PIÈCE JOINTE 1/ENCLOSURE 1]

Recommendations

I am in general agreement with the objectives and procedures proposed in the recommendations of the Ad Hoc Committee and accordingly recommend:

(a) that the Telegraphs Act be amended to provide for the licensing of external telecommunications not at present subject to the licensing requirements of the Radio Act, in a manner similar to that of the Radio Act;

(b) that among the objectives of the licensing system should be the progressive reduction, although not necessarily total elimination, of the operation of external telecommunications by other than Canadian owned and controlled companies, and so far as practicable the elimination of unnecessary duplication and unreasonable competition, taking into account the fact that Canadian Overseas Telecommunications Corporation will have provided at public expense telephone and telegraph facilities between Canada and the United Kingdom that will be adequate for a number of years.

(c) that Commercial Cable Company be informed that the Government is prepared to grant to it a landing license for the proposed cable, subject to certain technical stipulations, on condition that the Company undertakes not to terminate circuits in Canada except for

(i) purposes of defence communications from Canada to points outside Canada, so far as circuits now available are insufficient, and

(ii) commercial purposes, but only in respect of circuits that are leased, with government approval, to Canadian owned and controlled telecommunication companies.

The nature and extent of defence communications permitted under (i) above would be defined specifically following further consideration of defence needs.[157]

[PIÈCE JOINTE 2/ENCLOSURE 2]

Note du chef du Comité Ad Hoc pour le ministre des Transports

Memorandum from Chairman, Ad Hoc Committee, to Minister of Transport

SECRET

Ottawa, December 3, 1954

REPORT OF THE AD HOC COMMITTEE ON THE COMMERCIAL CABLE COMPANY'S TRANSATLANTIC CABLE PROJECT

(Proposed U.S.-Canada-Greenland-Iceland-U.K. Route)

An application has been received from the Commercial Cable Company, New York, supported by the U.S. Government through the Embassy in Ottawa, for landing rights in Canada for a coaxial submarine cable between the United States, Can-

[157] Le 16 décembre 1954, le Cabinet a accepté de modifier la Loi sur les télégraphes comme il avait été recommandé, mais a remis sa décision sur l'octroi d'un permis conditionnel à la Commercial Cable Company. En lieu et place, il a demandé un avis juridique :/
Cabinet agreed on December 16, 1954 to amend the Telegraphs Act as recommended, but deferred a decision on granting a conditional licence to the Commercial Cable Company. Instead, it asked for a legal opinion:
"regarding the extent of the legal rights enjoyed in Canada by Commercial Cable Company under its charter of 1884 . . . and as to the extent to which the government could refuse to grant Commercial Cable's application without such action amounting to a repudiation of rights previously granted to the Company by Parliament."

ada, Greenland, Iceland and the United Kingdom. Of the stated number of 120 circuits, of which 20 circuits would be reserved for the exclusive use of the U.S. Armed Forces in Greenland, Iceland and Europe, one fifth (24 circuits) would be terminated at Canso, N.S., and an unstated number would be terminated at Clarenville, Newfoundland (see footnote). The Commercial Cable Company has statutory authority under Canadian legislation enacted in 1884 to carry out telecommunications operations in Canada. Landing permits for the proposed cable, however, are necessary under Section 22 of the Telegraph Act.

Note: The effect of terminating cable circuits at any given point (e.g., Canso, N.S.), as opposed to merely bringing the lines ashore and carrying them overland for technical reasons, is to make it possible for any traffic to be transferred to or taken from the system at the terminal point. There is a distinction to be made between traffic of this kind and messages originating at some other point which are being carried through a landing point in transit only.

2. When privileges were first accorded the Commercial Cable Company in 1884, the telecommunications field was at a primitive stage of development and no one could foresee the technical changes which have since taken place. As a result of granting the company the legal rights which it enjoys under the existing charter, and as a result of major U.S. activity in the telecommunications field, American companies now control a major part of Canada's overseas telegraph traffic. The new proposal by the Commercial Cable Company, if approved, could result in a further increase in the already strong position of U.S. companies in the Canadian external telecommunications field.

3. This application involves two major issues, as follows:

(a) possible defence needs of the United States and of Canada and the United Kingdom.

(Attached to this document is a copy of Note No. 89 of November 18th, 1954, setting forth the importance which the U.S. attaches to the proposed cable in the light of comments made by the U.S. Joint Chiefs of Staff and the U.S. Department of Defense. The U.S. Chiefs of Staff consider the proposed cable to be an essential requirement for "national defence and NATO". The fact that the U.S. armed forces have offered a relatively high rental for the facilities to be leased from the Commercial Cable Company might be taken as evidence of the U.S. defence interest. The Canadian Chiefs of Staff have been asked for an opinion on the importance of the proposed cable from the standpoint of Canadian defence. Service authorities in the United Kingdom, considering the matter solely on defence grounds, have been advised to support the application).

(b) the commercial aspirations of a U.S. telecommunications company.

(It is not yet certain whether the U.S. authorities would be prepared to consider laying this cable solely for defence purposes. In the present application, considerable emphasis is placed on the necessity of securing commercial rights in order to justify the construction of the cable. While it is important that strategic requirements be satisfied, it is also important to ensure that, in so doing, the argument of strategic necessity is not used to win concessions for foreign commercial interests which would not otherwise be granted to them).

4. In November, 1953, Canada concurred in the Canadian Overseas Telecommunication Corporation's participation in the transatlantic telephone cable with the American Telephone and Telegraph Company, Eastern Telephone and Telegraph Company (a subsidiary of the former) and the British Post Office. This cable, when completed, will provide ample telephone and telegraph facilities for Canada for the foreseeable future. The project involves an investment of Canadian public funds amounting to $4,500,000, but the American Telephone and Telegraph Company, through their wholly owned subsidiary, the Eastern Telephone and Telegraph Company, will have effective control of associated facilities in Canada.

5. Coaxial cables of the latest type represent a radical departure from previous cable techniques in that they are capable of carrying approximately 2,000 times as many messages per hour as the most modern existing transatlantic cable. It may truly be said that we are on the eve of a new era in transoceanic telecommunications, and the future should be viewed in that light. It has been suggested that in order to enable countries of the Atlantic community to secure the benefits of recent technical developments in telecommunications, and probably cheaper and more efficient services than now exist, the question of regulating communications developments might be considered in a NATO context, thus avoiding U.S. domination of the telecommunication field at Canadian expense.

Commitments

6. Previous to the war, the Commonwealth system of world wide telecommunications was largely controlled by Cable and Wireless Limited, a private British firm. In 1938, the Commonwealth Governments, having considered the strategic and other factors affecting the Commonwealth cable network, requested Cable and Wireless Limited to reduce intra-Commonwealth rates to a ceiling of thirty cents per full rate word — a substantial reduction — and in return agreed, *inter alia*, to use their best endeavours to stop circulation of traffic over foreign routes and to continue the policy of resisting the opening of new circuits which would be detrimental to Cable and Wireless Limited or its associates within the Commonwealth. In the explanatory notes relating to this agreement there is, however, a paragraph emphasizing that it was not attempting to impose any binding legal obligations which would be construed as limiting the sovereign rights of governments in their particular territories, particularly in the light of any radical changes in the circumstances under which the agreement was negotiated.

7. Notwithstanding these commitments, direct radio circuits were established during the war for emergency purposes, between the United States and Commonwealth countries other than Canada for the duration and for six months thereafter. At that time, it became clear that despite the serious financial repercussions to the Commonwealth, it was inexpedient in the face of United States pressures to insist upon closing these direct circuits.

8. A series of Commonwealth telegraph conferences held between 1942 and 1948 resulted in the "Commonwealth Telegraphs Agreement" signed by representatives of seven of the Commonwealth Governments on May 11, 1948 (United Kingdom, Canada, Australia, New Zealand, India, South Africa and Southern Rhodesia). Cey-

lon has since become a signatory. Under the provisions of this agreement, each Partner Government is committed:

(a) to acquire the Commonwealth external telecommunication assets operating within its territory;

(b) to nominate an existing Department or establish a public corporation to be known as "The National Body" for the purpose of acquiring, operating and maintaining such assets;

(c) to representation on a "Commonwealth Telecommunication Board" with headquarters in London, England;

(d) to negotiate financial arrangements based on the principle that maintenance and operation expenses of the "common-user" part of the system shall be borne by all National Bodies on an equitable basis.

9. In 1949, Parliament passed the Canadian Overseas Telecommunication Corporation Act which required this new Canadian corporation to acquire the external telecommunication assets in Canada of Cable and Wireless Limited and the Canadian Marconi Company (but not those of private American companies, viz: Western Union and Commercial Cable). The Act also requires, *inter alia*, the Canadian Overseas Telecommunication Corporation to coordinate Canada's external telecommunication services with the telecommunication services of other parts of the Commonwealth. Existing financial arrangements under the Commonwealth Agreement provide for pooling of costs incurred by all National Bodies for operating the Commonwealth network and for payment of such costs by National Bodies to be based on the ratio of their respective net revenues to the combined net revenues of all National Bodies from originating traffic. Thus each National Body has a direct interest in the financial well-being of the other members and in the success of the overall scheme, and it will be appreciated that the reasons underlying our low revenues are of concern to the other Partner Governments.

10. Canada is not contributing as much towards common user costs in relation to originating traffic as, for example, Australia which, with a lower total volume of originating traffic than Canada, contributes approximately three times as much as the Canadian Overseas Telecommunication Corporation. The reason is that the Canadian Overseas Telecommunication Corporation handles only about one-third of the external telegraph traffic originating in Canada because foreign companies are operating in this country. Canadian Pacific Telegraphs divides its overseas traffic between COTC and Commercial Cable, while Canadian National Telegraphs is tied to a monopoly arrangement with Western Union, another U.S. company, by long-term contract. Other Commonwealth national bodies control all originating traffic, except to a slightly lesser degree in the case of the United Kingdom where Western Union and Commercial Cable have certain pick-up and delivery concessions in a few centres which it is known the United Kingdom would like to terminate as soon as may be expedient. This situation weakens Canada's bargaining position at Commonwealth conferences when financial arrangements are under discussion.

Economic Features

11. There is every reason to believe that since Western Union have been ordered to divest themselves of their external communication facilities, such facilities will shortly be acquired by the Commercial Cable Company. The latter would thus inherit Western Union's exclusive contract with Canadian National Telegraphs and this, added to their own operating agreement with Canadian Pacific Telegraphs, would automatically give them control of about 66% of Canadian external message traffic.

12. The capital investment to date by the Canadian Overseas Telecommunication Corporation, the only Canadian organization in the Canadian overseas telecommunication business is $4,257,162, and their present estimated capital commitments, including participation in the transatlantic telephone cable, amounts to $9,563,101, making a total of $13,820,263.

Dangers to Canadian Investment

13.(a) The high rental which the U.S. Armed Forces are prepared to pay for the facilities to be leased from the Commercial Cable Company would constitute a substantial subsidy to the U.S. carrier in competition with Canadian owned carriers.

(b) *Termination of circuits in Newfoundland.* The operation of the Commercial Cable Company cable as proposed from its landing point in Newfoundland would create subsidized competition from the American carrier in telephone and telegraph services within Canada and between Canada and the U.S.A. Telegraph service is at present being provided by Canadian National Telegraphs and telephone service by the Canadian Overseas Telecommunication Corporation and domestic telephone companies, including much of the military traffic between U.S. bases in Newfoundland and the U.S. These Canadian companies have committed and are committing themselves to heavy capital investments to provide ample facilities for all foreseeable needs for Canadian and U.S. telegraph and telephone services. The use of 24 circuits in Nova Scotia from the proposed Commercial Cable Company landing site would create subsidized competition in all Canadian overseas telephone, telegraph, telex and facsimile services for which, as indicated, ample provision is currently being made by the Canadian Overseas Telecommunication Corporation in addition to the facilities they already own.

(c) *Termination of 24 circuits in Nova Scotia.* The Commercial Cable Company proposal for new outlets at Canso, Nova Scotia, and Clarenville, Newfoundland, appears, therefore, to be unnecessary, with the exception of the U.S. military circuits and possibly one commercial circuit between Newfoundland, Greenland and Iceland. The use of the proposed new facilities by the Commercial Cable Company could have disastrous effects on Canadian investment and on Canadian Overseas Telecommunication Corporation plans for developing Canadian-owned overseas communications. In addition, even if the Commercial Cable Company was not given any traffic rights in Canada, it would still be possible, because of the extensive capacity of the cable and by reason of its subsidy by the U.S. authorities, for further serious indirect effects to be felt by Canadian telecommunications companies. By use of all its other existing transatlantic facilities for the handling of telegraph traffic and customer-to-customer teletype services to and from Canada at low

rates, which it could do if it had the new cable, Commercial Cable Company could provide service through their existing facilities which could not be met on a sound economic basis by the Canadian Overseas Telecommunication Corporation.

(d) *Circumvention of the terms of the Transatlantic Telephone Cable Agreement of November 1953.* The American Telephone and Telegraph Company could obtain telephone circuits in the proposed cable which obviously could be used for Canadian business, and they could thereby evade the restrictive clauses of last year's Agreement, which were designed to protect Canada's investment in that project by precluding the use of any of the American owned circuits for Canadian business.

(e) An established American communication company permitted to handle Canadian business in a cable which could, even without it, be economically operated, as would be the case in this instance, would have a tremendous financial advantage over the Canadian Overseas Telecommunication Corporation which has its operations confined to about 34% of Canadian traffic.

14. While there is technical provision in U.S. legislation and executive regulations for permitting a foreign owned organization to land a cable in the United States, it would appear that, under present circumstances, the chances of such an application being approved by the U.S. government are remote.

15. Under Section 22 of the Telegraphs Act, the Governor-in-Council may, for reasons relating to the public interest, refuse an application or attach conditions in approving a cable landing. This, however, is not a licensing system and there are such serious doubts as to the possibility of enforcing conditions as would justify amendment of the Act to provide for a proper licensing procedure.

16. In concluding the Transatlantic Telephone Cable Agreement in 1953 (described in para. 4 above), a position was taken whereby the activities in Canada of Eastern Telephone and Telegraph Company — also American owned — were restricted to the handling of U.S.A. transatlantic traffic in transit only.

United Kingdom Views

17.(a) United Kingdom authorities at the official level have given us their views on the pending application of the Commercial Cable Company for permission to terminate the cable in the United Kingdom in the following paragraph, which is the draft text of a message which the United Kingdom Government might send to the United States Government. (This text has not yet been cleared by Ministers in the United Kingdom).

"Proposals have been put to the U.K. Government for a cable system between U.S., Canada, Greenland, Iceland and the United Kingdom which, it is understood, would provide for defence needs. The U.K. Government has, of course, no desire to stand in the way of the provision of a new cable if it is essential to defence, but the proposal, as put to the U.K. Government, incorporates advance underwriting by the American Government of a substantial part of the commercial risks of a private venture which, for the rest, depends upon the diversion of traffic from the existing facilities in a competitive situation which is already very favourable to the American Companies. The U.K. Government regret that, in these circumstances, they cannot as at present advised see their way to per-

mitting the projected cable to be used for purposes other than defence. Before informing the Commercial Cable Company accordingly they would be glad to have any further observations that the American Government may wish to offer".

(b) We understand that the Danish authorities are also considering the implications of the Commercial Cable Company's application and that they appear to hold views similar to those of the United Kingdom. The Danish authorities are also inclined to believe that existing facilities are adequate, but the Danish Government has not yet received a formal application from the Commercial Cable Company.

18. If the recommendations which follow are adopted, it might also be in the best interests of Canada's relations with the United States to inform the U.S. Embassy, who have furnished a formal note on the subject, of the Canadian Government's position in regard to the pending application as stated in para. 19(d). This might be done concurrently with advice to the Commercial Cable Company following a Cabinet decision in the matter. The U.S. Embassy might also be told that if the U.S. Government wishes to separate the defence aspects of the project from the purely commercial side, and to submit a proposal for the landing of a cable in Canada by the U.S. Government to serve defence installations in Greenland, Iceland or the United Kingdom, such a proposal would be given consideration as is customary in defence matters between our two countries.

Recommendations

19. The following proposals are submitted for consideration:

(a) that the Telegraphs Act be amended to provide for licensing of external telecommunications similar to the powers exercised by the Governor-in-Council under the Radio Act, a Bill to be prepared accordingly. (This system should cover facilities not presently subject to the licensing requirements of the Radio Act, and would provide for the attachment of such conditions as the Governor-in-Council might consider to be in the public interest, including such matters as services, routes, physical and technical standards, strategic and operating agreements, rates and rights of transfer);

(b) that among the objectives of this policy of licensing should be the increased development of external telecommunications by companies which are Canadian owned and controlled, and the avoidance of needless duplication of facilities and unreasonable competition, particularly that arising from provision of services as a by-product of U.S. facilities;

(c) for the next few years, it should be recognized that the Government, through the Canadian Overseas Telecommunication Corporation, is providing at public expense adequate telephone and telegraph facilities between Canada and the United Kingdom, consistent with our general Commonwealth understandings, and that licenses need not be granted for other facilities terminating in Canada that will duplicate these;

(d) that the commercial Cable Company be informed that the Government is prepared to grant landing licenses for the proposed cable, subject to certain technical

stipulations, on condition that the Company undertakes not to terminate circuits in the cable in Canada except for:

(i) defence communication requirements to points outside Canada (in excess of presently available circuits), and/or

(ii) commercial purposes, but only in respect of circuits which are leased to Canadian owned and controlled telecommunications companies. The nature and extent of the defence communications permitted under (i) above would be defined specifically following further consideration of defence needs.

20. The foregoing would require amendments to existing legislation which would necessarily include penalties for non-compliance, and would have the effect of making possible the termination of the American companies' operations in Canada as their existing agreements with Canadian National Telegraphs and Canadian Pacific Telegraphs expire.

R.B. BRYCE

5e PARTIE/PART 5

CONVENTION SUR LES PÊCHERIES DES GRANDS LACS
GREAT LAKES FISHERIES CONVENTION

599. DEA/9130-40

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

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

RESTRICTED [Ottawa], September 14, 1954

GREAT LAKES FISHERIES CONVENTION

Attached for your information is a copy of the Great Lakes Fisheries Convention signed at Washington on September 10, 1954.[158] The Canadian signatories were Messrs. Arnold Heeney and Stewart Bates, while Walter Bedell Smith and Dr. William C. Herrington signed on behalf of the United States.

2. You will recall that a Convention on this subject was concluded in 1946 and met considerable opposition on the part of United States Senators and Congressmen (principally those from Ohio) because it was designed to give international regulatory powers to a Fishery Commission. Because of this opposition, the United States was unable to ratify that Convention.[159] If the Convention which has now been signed is ratified by both countries it will climax more than fifty years of attempts by both countries to adopt a common approach regarding the conservation

[158] Voir Canada, *Recueil des traités*, 1955, N° 19/See Canada, *Treaty Series*, 1955, No. 19.
[159] Voir Canada, *Recueil des traités*, 1946, N° 13/See Canada, *Treaty Series*, 1946, No. 13.

and development of the Great Lakes fisheries.[160] The six-man Commission to be established under this Convention will have no regulatory powers: its main job will be to foster research and to seek to abate the predatory sea lamprey which has been causing great damage to the fisheries of these Lakes. In view of the Ohio opposition it seemed unlikely that Lake Erie could be included in a research programme. As a result of the break-off by Canada of negotiations in February, 1953, of the excellent work which the United States negotiators have done since among Ohio fishermen and of the eloquent pleas made in Washington on September 8 by Dr. Stewart Bates, the document signed in Washington approaches what might be termed, for the present, the closest approach to the "ideal" Convention on Great Lakes fisheries embracing research and lamprey control over the five Great Lakes. If the Great Lakes Fisheries Commission does its work properly it should, in a few years time, have a fairly clear idea of the measures required to improve the yield of these fisheries, some of which have been in decline in recent years. The Commission, being empowered to make recommendations to the governments, may then call upon both governments to approve recommendations or to take measures in concert in order to conserve and improve these fisheries.

3. I understand that the Minister of Fisheries will, in due course, introduce legislation to implement the Convention and that he will, at that time, also seek parliamentary approval in order that the instruments of ratification can be exchanged early in the year.

J[ULES] L[ÉGER]

[160] La convention a été ratifiée par les États-Unis le 6 juin 1955 et par le Canada, le 28 juin 1955. The Convention was ratified by the United States on June 6, 1955, and by Canada on June 28, 1955.

6e PARTIE/PART 6

COMMISSION MIXTE INTERNATIONALE
INTERNATIONAL JOINT COMMISSION

SECTION A

LE SYSTÈME DE LA RIVIÈRE COLUMBIA
COLUMBIA RIVER SYSTEM

600. PCO

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

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 157-54 [Ottawa], June 26, 1954

RESTRICTED

LIBBY DAM APPLICATION

On May 27, 1954 the United States Government submitted to the International Joint Commission a new Application for an order of approval for the construction of a dam on the Kootenay River near Libby, Montana. Under the Commission's Rules of Procedure interested parties have until July 8 in which to file Statements in Response.

2. The proposed dam on the Kootenay River would be primarily a storage reservoir but on-site power would also be available and there would be some beneficial effects in both Canada and the United States in flood control. The proposed dam would create a reservoir about 100 miles in length, the upper 42 miles of which would be in Canada. The project, therefore, requires the approval of the International Joint Commission under Article IV of the Boundary Waters Treaty of 1909. This Article states that the construction of any dam or other obstruction in waters flowing across the boundary, the effect of which is to raise the natural level of the waters on the other side of the boundary, must be approved by the International Joint Commission.

3. An earlier Application for approval of the Libby Dam was filed by the United States Government on January 12, 1951. After consultation with the Government of British Columbia, the Canadian Government filed a Statement in Response dated March 8, 1951 (attached as Appendix A). At public hearings in both countries in 1951, various Canadian and United States interests were heard. It became apparent that wide divergence of opinion existed as to the extent to which Canadian interests should be indemnified by the United States Government for the proposed flooding of Canadian territory and for the proposed use in the United States of this Canadian water resource. The opposing views as presented at these public hearings and in the

closed Executive Session of the International Joint Commission may be summarized as follows.

The United States Position:

(1) The United States Government should be required to pay

(a) the value of real property in Canada damaged by the construction and operation of the dam; and

(b) the cost of providing alternative facilities for transportation and other services made necessary by the construction and operation of the dam.

(2) These payments should be made in cash and no other indemnity or recompense should be required.

The Canadian Position

(1) Canada and the Province of British Columbia should preserve all rights under Article II of the Treaty of 1909. (This Article provides that any diversion or interference with waters which flow across the boundary resulting in any injury on the other side of the boundary shall give rise to the same rights and entitle the injured parties to the same legal remedies as if such injury took place in the country where the diversion or interference occurs.)

(2) Any rights which may be granted should be for a period not exceeding the legal life of the project.

(3) Indemnity for loss and property damage and the cost of rehabilitation of facilities should be paid for either in power free of charge or in cash.

(4) Indemnity for loss of resources which could otherwise be used should be in terms of power delivered at cost to the Government of British Columbia. The amount of power would include

(a) a share of on-site power proportional to the increase made available by encroachment on Canada and in head contributed by the increase in water; and

(b) a share of down-stream benefits proportional to the land and storage made available in Canada.

4. Before either side had an opportunity to present these divergent views in full to the International Joint Commission, the United States Government, on April 10, 1953, withdrew the Application. The reason given for this action was to permit further study of some of the features of the proposals which adversely affected some United States interests in Montana. No doubt the United States Government was also interested in gaining additional time to study the problems raised by the Canadian demand for recompense for downstream benefits from up-stream storage.

5. On June 8, 1954, shortly after the new Application had been received from the United States Government, the Canadian Government's Interdepartmental Committee on Water Power Problems met to discuss what action should be recommended. (This Committee is composed of senior officials from the Departments of Northern Affairs and National Resources, Mines and Technical Surveys, Trade and Commerce, Finance, National Defence and External Affairs, as well as General McNaughton.) It was agreed at this meeting that in view of the short time limit allowed for the filing of the Statement in Response, it would be advisable for the

Committee to prepare a draft Statement in Response which should then be forwarded to the Government of British Columbia for comment before seeking the approval of the Canadian Government. An important new factor considered by the Committee in drafting this Statement was an interim report made available to the Commission by the Department of Northern Affairs and National Resources concerning the possible diversion of the Kootenay River northward into the Columbia at Canal Flats. Such a diversion might be advantageous as it would appear to result in a net gain in power potential on the Columbia River in Canada, although it would result in a decrease in power potential on the Kootenay River in both Canada and the United States. Full details of this project are not yet available but it appears likely that its advantages to Canada would be offset, in part at least, if a share of the power from Libby were made available to Canada at cost. (The United States Section of the Commission has indicated that the Libby project would be economically unsound if Canada should divert the Kootenay River northward and has suggested that the Canadian Government should therefore make its decision clear in the near future on this possibility.)

6. Attached as Appendix B is the draft Statement in Response as drafted by the Interdepartmental Committee and which was forwarded for comment to the Premier of British Columbia by the Secretary of State for External Affairs under cover of a letter dated June 15.† In a reply dated June 21, 1954,† Premier Bennett agreed to the general terms of the Canadian Government draft Statement. (The British Columbia Government will, of course, be putting in its *own* Statement in Response, which is separate from the Canadian Government Statement. However, the Canadian Government Statement is consistent, in all important matters, with the proposed British Columbia Government Statement.)

7. The Interdepartmental Committee also considered the question of designating Counsel for Canada to appear before the Commission at the hearings on this Application which are expected to begin in August of this year. At the suggestion of the Department of External Affairs, the Department of Justice is willing to make one of its officers, Mr. D.H.W. Henry, available to act as Counsel for the Canadian Government before the International Joint Commission on this Application.

Recommendations

8. The Secretary of State for External Affairs recommends:

(1) that the text of the draft Statement in Response to the Libby Dam Application as it appears in Appendix B should be approved;

(2) that, with the concurrence of the Department of Justice, Mr. D.H.W. Henry of that Department should be designated as Counsel for Canada on this Application.[161]

L.B. PEARSON

[161] Approuvé par le Cabinet le 30 juin 1954/Approved by Cabinet on June 30, 1954.

[APPENDICE A/APPENDIX A]

Déclaration du secrétaire d'État aux Affaires extérieures pour la Commission mixte internationale, Ottawa et Washington

Statement by Secretary of State for External Affairs to International Joint Commission, Ottawa and Washington

Ottawa, March 8, 1951

STATEMENT IN RESPONSE OF MARCH 8, 1951

(Attached only for purposes of comparison with proposed new Statement in Response to Libby Dam Application dated May 22, 1954.)

IN THE MASTER OF THE APPLICATION OF THE GOVERNMENT OF THE UNITED STATES TO THE INTERNATIONAL JOINT COMMISSION, DATED JANUARY 12, 1951, FOR APPROVAL OF THE CONSTRUCTION AND OPERATION OF THE LIBBY DAM AND RESERVOIR ON THE KOOTENAY RIVER, NEAR LIBBY, MONTANA

The Government of Canada in response to the above-mentioned Application states that it does not oppose the order of approval which is sought, but submits that the approval should be on conditions to ensure:

(1) the protection and indemnity against injury of all interests in Canada which may be affected by the construction and operation of the said dam and reservoir, as provided by Article VIII of the Boundary Waters Treaty, 1909;

(2) a fair recompense to Canada for the utilization in the project of Canadian natural resources.

L.B. PEARSON

[APPENDICE B/APPENDIX B]

Projet de déclaration du secrétaire d'État aux Affaires extérieures pour la Commission mixte internationale, Ottawa et Washington

Draft Statement by Secretary of State for External Affairs to International Joint Commission, Ottawa and Washington

RESTRICTED

Ottawa, ____, 1954

IN THE MATTER OF THE APPLICATION OF THE GOVERNMENT OF THE UNITED STATES TO THE INTERNATIONAL JOINT COMMISSION, DATED MAY 22, 1954, FOR APPROVAL OF THE CONSTRUCTION AND OPERATION OF THE LIBBY DAM AND RESERVOIR ON THE KOOTENAY RIVER, NEAR LIBBY, MONTANA

STATEMENT IN RESPONSE

In response to the above-mentioned Application, the Government of Canada states that it is not prepared at present either to consent to an Order of Approval or

to oppose the granting of such an Order. Sufficient data has not yet been assembled by the International Columbia River Engineering Board to make it possible to determine the most advantageous use of the waters concerned from the points of view of both countries.

If in the light of such a study it is found that more advantageous use of the waters concerned could achieved by other methods, such as a diversion of the waters of [part of] the Kootenay River into the Columbia River in Canada,[162] the Canadian Government reserves the right to oppose the issuance of an Order of Approval in the present Application.

If, however, it should be found that the issuance of an Order of Approval for the Libby Dam project would be in the best interests of both countries, the Canadian Government submits that any Order of Approval should be on such conditions as to ensure:

(a) the protection and indemnity against injury of all interests in Canada which may be affected by the construction and operation of the said dam and reservoir, as provided by Article VIII of the Boundary Waters Treaty of 1909;

(b) an equitable recompense to Canada for the use in the project of Canadian natural resources, which will include an amount of power based on the Canadian power potential[163] at the International Boundary and a share in down-stream benefits of storage in power on a basis to be negotiated;

(c) any rights to the use of storage in Canada which might be approved will be for the life of the present project as expressed in a term of years to be settled in accordance with sound engineering and financing practice;

(d) all considerations which may be deemed relevant as a result of the Commission's study of all engineering and economic factors in the Columbia River Basin in general, and the Kootenay River in particular, should be taken into account.

[L.B. PEARSON]

DEA/5724-A-40

601.

Note de la Direction de l'Amérique pour le chef de la Direction de l'Amérique

Memorandum from American Division to Head, American Division

CONFIDENTIAL

[Ottawa], July 8, 1954

Reference: Your memorandum of July 6, 1954.†

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[162] L'expression « part of » a été ultérieurement ajoutée à la version finale anglaise de ce document./The phrase "part of" was later added to the final version of this document.

[163] Dans la version anglaise finale de ce document, le membre de phrase « the increase in level permitted » a été substitué au membre de phrase « the Canadian power potential »./In the final version of this document, the phrase "the increase in level permitted" was substituted for the phrase "the Canadian power potential."

LIBBY DAM PROJECT

As you directed, I spoke with Mr. Charles Herbert of the Department of Northern Affairs and National Resources concerning the information which had been received from Dr. John Davis of the Department of Trade and Commerce to the effect that the British Columbia Engineering Committee, which is studying the Libby Dam project, had decided to recommend to the B.C. Government that this project would be advantageous to the Province.

2. Mr. Herbert kindly agreed to provide this Department with a copy of a memorandum which he had prepared for file and which he had checked for accuracy with Dr. Davis. This copy is attached and you will note that it is marked "for the use of External Affairs only". Mr. Herbert felt that it would be inadvisable at this time for General McNaughton to be informed on this matter in view of the confidential nature of the source of the information. Mr. Herbert agreed, however, that it would be proper to show this copy to Mr. D.H.W. Henry.[164]

O.W. DIER

[PIÈCE JOINTE/ENCLOSURE]

Note du chef de la Direction économique du ministère des Affaires du Nord et des Ressources nationales

Memorandum by Chief, Economic Division, Department of Northern Affairs and National Resources

CONFIDENTIAL

Ottawa, July 6, 1954

LIBBY DAM PROJECT

Yesterday afternoon Mr. Lamontagne and I had a talk with Dr. John Davis, Trade and Commerce, who had just returned from a conference of Electrical Engineers at Murray Bay. At that conference he had had discussions with a number of engineers interested in the Columbia River development, and in particular with Mr. Ingledow, Vice-President and Chief Engineer of B.C. Electric.

Mr. Ingledow, at General McNaughton's suggestion, was appointed by Mr. Bennett as a member of the provincial committee to advise Mr. Bennett on matters relating to the development of the Columbia River. Last March, following General McNaughton's visit to Victoria, Mr. Sommers appointed Mr. Ingledow, Mr. Anderson (Consolidated Mining and Smelting), and the newly appointed Chairman of the B.C. Hydro Electric Power Commission as a subcommittee to advise himself and Mr. Bennett as to what attitude the B.C. government should take on the Libby proposal.

Mr. Ingledow told Dr. Davis that this sub-committee, of which he is Chairman, had reported to Mr. Sommers (a) that B.C. should press strongly for as favorable a

[164] Notes marginales :Marginal notes:
Mr. Dier: You might show this to Henry & to Mr. Wershof. E. Côté July 9/54.
Seen. M.H. W[ershof]
Seen by Mr. Henry 15/7/54 O.W. D[ier]

treatment as possible on downstream benefits, to be paid for in power, and (b) that the province should agree to the Libby project. He said that their reasons for agreeing to the Libby project were firstly, that the province is not at present in the position where it could absorb the amount of power that would accrue to it as payment for downstream benefits from Mica Creek, and secondly, that Mica might well follow as the next big project on the Columbia after Libby. He felt that insufficient information is available to determine which should be the first project to be built on the Canadian side, and therefore that no Canadian project should be considered until the information is available. He disagreed with General McNaughton's view that the construction of Libby would reduce the importance of Mica. General McNaughton had told our Interdepartmental Committee that 20 million acre feet of storage is required above Grand Coulee dam to control the annual flow of the Columbia, but Mr. Ingledow said that this figure was much too low and might perhaps be double. He also disagreed with the view, which has been expressed by General McNaughton, that each subsequent increment of storage is necessarily less valuable in regard to downstream benefits than the previous one. He said that this depends entirely upon the flow characteristics of the river and varies from basin to basin. In certain basins the last increment of storage, up to the point where the annual flow of the river is completely regulated, is the most valuable storage.

Dr. Davis said that it would be helpful if the Water Resources Division of this Department could make a rough estimate of (a) how much storage really is required above Grand Coulee to give complete annual regulation — as opposed to cyclical regulation — of the Columbia — is it closer to 20 million acre feet or 40 million; and (b) taking into account the characteristics of the Columbia, would Mica Creek be more valuable storage if it came before Libby or after? Mr. Lamontagne said that he would ask the Water Resources Division to look into this.

Dr. Davis said that Mr. Ingledow had expressed the view to him that the various press interviews which General McNaughton had given in Victoria last March about the benefits to be derived from the building of Mica Creek dam were most unfortunate. He was apparently quite upset about all this publicity.

Dr. Davis pointed out to us that the fact that Mr. Ingledow is in favour of building Libby before Mica would seem to be quite a blow to General McNaughton's point of view, because Mr. Ingledow is the most influential of the engineers on the B.C. committee. Mr. Anderson, of Consolidated Mining and Smelting, has a definitely prejudiced position because his company is opposed to the whole principle of downstream benefits, and the representative of the B.C. Hydro Commission is a newcomer and has little experience in this matter. It is quite possible, however, that the recent decision of the Federal Power Commission on the transmission of natural gas may have more influence on Mr. Bennett than the opinions of his engineering committee and may cause him to be hostile to the Libby proposal on general grounds.

Mr. Ingledow also told Dr. Davis that he had gathered from officials of the B.C. Attorney-General's office that they are of the opinion that Canada does not have the legal right to divert the Upper Kootenay into the Columbia. This opinion

seemed strange to Mr. Lamontagne, Dr. Davis and myself, but it may be of importance if it has some influence on the thinking of Mr. Bennett.

Speaking to Dr. Davis on the telephone this morning, I mentioned that Mr. Lamontagne had told me that Consolidated Mining and Smelting have asked permission to submit a Statement in Response on the Libby question. Dr. Davis pointed out that their chief concern is to see that Consolidated will not be put in the position of having to pay recompense for the downstream benefits from the Libby Dam which they might be regarded as receiving at the West Kootenay plants.

C.H. HERBERT

602. DEA/5724-A-40

Note du sous-secrétaire d'État adjoint par intérim aux Affaires extérieures pour la Direction de l'Amérique

Memorandum from Acting Assistant Under-Secretary of State for External Affairs to American Division

CONFIDENTIAL [Vancouver], July 11, 1954

LIBBY DAM

I arrived in Vancouver today with General McNaughton en route to the PJBD meeting. General McNaughton had asked Mr. Pepler (Deputy Attorney General of B.C.) and Mr. Ramsden (head of the Vancouver office of the Water Resources Branch of the Department of Northern Affairs and National Resources) to meet him in Vancouver for a short talk, which I attended at General McNaughton's request.

2. General McNaughton said that it was likely that the International Joint Commission would hold an Executive Session late in August, probably in Ottawa, with counsel for all three governments in attendance, to discuss the procedure to be followed and to prepare for subsequent public hearings. I said that Mr. Henry of the Department of Justice had been appointed counsel for the Canadian Government. Pepler said that either he or H.A. McLean of the Attorney General's Department would be counsel for the B.C. Government; Pepler added that he was due to retire from Government service at the end of July, 1954.

3. General McNaughton urged that counsel for the Canadian and B.C. governments get together before the Executive Session. I said that I would suggest to the Department of Justice that they establish direct contact with the Attorney General's Department. I also said that perhaps the two counsel could meet in Ottawa a few days before the Executive Session. Please draft a letter to Justice on this question.

4. General McNaughton expounded the latest information in favour of the Kootenay diversion. Pepler didn't appear to understand the arguments and kept saying that the U.S. wouldn't like it. He said that B.C. was waiting to see what the Canadian Government thought about the diversion and about the basic question of whether we absolutely oppose the Libby application in its present form. I said that the B.C. Government, as owner of the resources, should be the first to decide how

they wanted to dispose of those resources — *then* the Canadian Government could appropriately decide its position. I didn't think that either B.C. or Canada had to take the basic decisions in a hurry — they needn't, for example, be settled prior to the Executive Session of the I.J.C.

5. General McNaughton said that, if B.C. decided that the diversion would some day be done, it followed that the Libby application in its *present* form must be opposed. However, it would still be possible in his view for the U.S. to make a new plan for a dam further downstream from Libby, which would use the water of the Kootenay originating south of the proposed diversion at Bull River. Such a dam would involve some flooding in Canada but not very much compared to the present application. Pepler seemed surprised at this possibility.

6. Pepler had no idea where the money would even come from for the diversion or for a development at Mica Creek. General McNaughton thought private companies, perhaps in Alberta as well as B.C., would in due course be prepared to finance it. I said that, if the B.C. Government became convinced that its best interests would be served eventually by such a diversion, there was in my view no obligation on B.C. to carry it out forthwith; we were dealing with the use of resources for the indefinite future and we in Canada did not have to let those resources go to the U.S. if we expected to have a better use for them in Canada later on.

7. If Pepler's negative attitude is any indication, I think that the B.C. Government may need considerable education on where its own economic interests lie. Also, the Canadian Government may have to face later the question whether to approve Libby Dam (with downstream benefits, etc.) against its own judgment, just because the B.C. Government is willing to approve it. General McNaughton thinks that the Canadian Government has a duty to the people of Canada higher than the duty to follow what B.C. (as owner of the resources) may be willing to do.

July 15

8. Today General McNaughton held an informal meeting with Horsey of the State Department, at which General McNaughton expounded his views not only on downstream benefits but also on the Kootenay Diversion and Mica Creek. The meeting had no status. Horsey just wanted to understand what some influential Canadians, like General McNaughton think.

M.H. W[ERSHOF]

603. DEA/5724-A-40

Note du sous-secrétaire d'État adjoint par intérim aux Affaires extérieures pour le sous-secrétaire d'État par intérim aux Affaires extérieures

Memorandum from Acting Assistant Under-Secretary of State for External Affairs to Acting Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], July 17, 1954

LIBBY DAM AND COLUMBIA RIVER PROBLEMS

During my tour this week with the PJBD, I had several talks with General McNaughton regarding the Columbia River with special reference to Libby Dam. Although I am not ready to agree with everything the General says, I am convinced of the great importance to Canada of the problems as he explains them. If he is right, it may become necessary for the Canadian Government to oppose the construction of Libby Dam even if the U.S. should be willing to give us "downstream benefits" and even if the B.C. Government should decide to approve Libby Dam.

2. I think that this application may become a source of serious contention between the U.S. Government and the Canadian Government and, therefore, it is important that the Minister should be given a clear exposition of it from the beginning.

3. Of course, numerous excellent memoranda have been sent to the Minister from time to time, but I suggest that it would be worthwhile for the Minister to ask General McNaughton to give him a full personal briefing lasting a couple of hours.

M.H. W[ERSHOF]

604. DEA/5724-A-40

Le secrétaire de la Commission mixte internationale au secrétaire d'État aux Affaires extérieures

Secretary, International Joint Commission, to Secretary of State for External Affairs

Ottawa, October 1, 1954

Dear Sir,

I enclose copy of Statement in Reply of the Government of the United States in the matter of the Application of the Government of the United States, to the International Joint Commission, dated 22 May, 1954, for approval of the construction and operation of the Libby Dam and Reservoir on the Kootenay River, near Libby, Montana.

Yours faithfully,

E.M. SUTHERLAND

[PIÈCE JOINTE/ENCLOSURE]

Déclaration du secrétaire d'État par intérim des États-Unis pour la Commission mixte internationale, Ottawa et Washington

Statement by Acting Secretary of State of United States to International Joint Commission, Ottawa and Washington

[Washington], September 28, 1954

IN THE MATTER OF THE APPLICATION OF THE GOVERNMENT OF THE UNITED STATES, TO THE INTERNATIONAL JOINT COMMISSION, DATED MAY 22, 1954, FOR APPROVAL OF THE CONSTRUCTION AND OPERATION OF THE LIBBY DAM RESERVOIR ON THE KOOTENAY RIVER, NEAR LIBBY, MONTANA

STATEMENT IN REPLY

The Government of the United States notes the views of the Canadian Government and of the Government of the Province of British Columbia and the conditions they consider should be included in an Order of Approval.

The Government of the United States is prepared to cooperate fully with the Governments of Canada and of the Province of British Columbia in the assembly of additional factual data and completion of further studies of the use of the waters concerned by the International Columbia River Engineering Board, but the Government of the United States considers that there is already available sufficient data to justify the conclusion that the Libby Project represents the most advantageous use of the waters concerned from the points of view of both countries and the inhabitants of the areas directly affected and therefore trusts that consideration of the Libby Project will not be delayed on this account.

The Government of the United States agrees that any Order of Approval should include provisions to insure the protection and indemnity of all interests in Canada which may be injured by the construction and operation of the Libby dam and reservoir, as provided by Article VIII of the Boundary Waters Treaty of 1909. The Government of the United States is prepared to consider equitable recompense to Canada, through the sale of power or otherwise, for the value which the Canadian natural resources would have for the production of power, taking into account the extent to which the project will result in compensatory benefits in Canada.

With regard to the stipulation of the Government of the Province of British Columbia on labor, the Government of the United States anticipates no difficulty in arriving at a satisfactory agreement giving preference to Canadian labor on project construction within Canada.

The Government of the United States is prepared to consider favorably the proposal to establish an International Board composed of appropriate representatives from Canada and the United States to set up general rules governing the storage and release of water in the Libby Reservoir.

The Government of the United States is prepared to consider favorably the proposal that the Order of Approval should in no way prejudice the right to the use of water of the Kootenay River in Canada for local consumptive purposes.

On all of these questions and other pertinent matters, the Government of the United States as the applicant is prepared to undertake direct discussions with the parties at interest in Canada with a view to advising the Commission of the extent to which the parties principally concerned are in agreement.

C. BURKE ELBRICK
Acting Assistant Secretary
for European Affairs

605. PCO

Note du ministre du Commerce pour le Cabinet

Memorandum from Minister of Trade and Commerce to Cabinet

CABINET DOCUMENT NO. 231-54 [Ottawa], October 26, 1954

LEGISLATION TO PROHIBIT THE CONSTRUCTION, WITHOUT THE PERMISSION OF THE GOVERNOR IN COUNCIL, OF WORKS INTERFERING WITH THE FLOW OF WATER ACROSS THE INTERNATIONAL BOUNDARY OR ACROSS AN INTERPROVINCIAL BOUNDARY

1. An arrangement has been made between a company in the United States and the Province of British Columbia whereby the company will be permitted to construct a dam at the foot of Arrow Lakes in British Columbia. The purpose of the proposed dam is to regulate the flow of water in the Columbia River in order to achieve a controlled flow for the development of power at electric power generating plants installed downstream in the United States.

2. The Deputy Minister of Justice has advised that it is within the legislative competence of Parliament to prohibit the construction, without the permission of a named authority, of works that would interfere with the flow of water across the International Boundary but that a definitive opinion as to its constitutional foundation and validity could only be given upon consideration of the actual terms of the proposed legislation.

3. The scope and purposes of the legislation could be limited to the exercise of control over the construction and operation of works regulating water flow for the purposes of developing electric power in the United States. Such limited legislation would not, however, apply in a situation in which the water is to be used for irrigation purposes or some purpose other than the production of electric power. Similarly, if so limited, it would not apply if a situation arose in which the interference with natural flow is designed to divert all or a portion of the natural flow to another water system that does not cross the International Boundary.

4. It is recommended that the broader concept of control of rivers crossing the International Boundary from the standpoint of their most efficient and advantageous use is desirable, rather than the narrower concept of control over water that is to be used in the United States as a particular form of energy.

5. Such legislation, if advisable, could relate to the control of rivers crossing interprovincial boundaries as well as to those crossing the International Boundary.

6. It is, therefore, proposed that legislation be enacted at the forthcoming session of Parliament which would provide for:

(a) the prohibition, except under licence, of the construction of works in a river, stream or other watercourse that crosses the International Boundary or that crosses an interprovincial boundary, or in any tributary of such river, stream or other watercourse, where such works would interfere with the natural flow of water across the International Boundary or across an interprovincial boundary;

(b) the granting of licenses to construct such works to be in the discretion of the Governor in Council and upon such terms and conditions as he may deem proper as to the location, specifications and continued operation of such works and the uses to which they are put or benefits derived from them;

(c) authority to revoke a licence where a licensee refuses or neglects to comply with its terms and conditions or with any regulations that may be made by the Governor in Council in that behalf; and

(d) penalties for the contravention of any provision of the legislation, including the confiscation and forfeiture of such works and their disposition at the direction of the Governor in Council.

7. Officials of the International Joint Commission, of the Department of External Affairs and of the Department of Northern Affairs and National Resources have been consulted concerning the proposed legislation and concur in principle.

8. The probable length of the Bill is expected to be from five to ten sections.[165]

[C.D. HOWE]

[165] Approuvé par le Cabinet le 28 octobre 1954./Approved by Cabinet, October 28, 1954.

606. PCO

Note du ministre des Afffaires du Nord et des Resources nationales pour le Cabinet

Memorandum from Minister of Northern Affairs and National Resources to Cabinet

CABINET DOCUMENT NO. 257-54 Ottawa, November 29, 1954

CONFIDENTIAL

INVESTIGATION OF THE ECONOMIC FEASIBILITY OF DIVERTING WATER FROM THE COLUMBIA RIVER SYSTEM TO THE FRASER RIVER SYSTEM

The arrangements that will be made in the next few years for the control and use of the water of the Columbia River system will be of the greatest importance to the economy of British Columbia, and of Canada generally in the future. The system provides a major source of cheap energy available in perpetuity. The arrangements for control and benefit are of equal significance to the north Pacific states of the United States. In Washington and Oregon the future industrial expansion will require very large amounts of cheap hydro-electric power. States further south on the Pacific seaboard may also be concerned because of their acute need for water for other uses as well as power. Possibilities of the diversion of water from the northwestern United States to the southwestern United States increase the interest of the northwestern states in water that they may get from Canada. The issues involved in this broad question have been indicated in connection with the agreement entered into by British Columbia for a dam on the Arrow Lakes. That dam, however, involves only a fraction of the total water use problem in the Columbia watershed. In recognition of the importance of this matter, new legislation is being prepared which will ensure that all dams, etc. on international rivers (such as the Columbia) will be under federal control. A specific question has now arisen that raises important issues of policy in this field. It is a proposal that an engineering investigation be undertaken at once to determine the economic feasibility of diverting a substantial amount of water from the Columbia watershed to the Fraser watershed.

The essential points relating to this proposal are outlined in the following paragraphs from a memorandum by the Chairman of the Canadian Section of the International Joint Commission:

"The studies undertaken in the Columbia basin under the auspices of the Canadian Section, I.J.C., to date have disclosed a number of very promising projects for power development on the Columbia River, the major one of these being the proposed Mica Dam and power and storage project. In addition to providing a head of 555 feet, capable of supporting an at-site installed capacity of over one and one-quarter million kilowatts, together with as much more at the two sites downstream which are capable of use as run-of-river developments, this project using Columbia River water only would store over ten million acre-feet of flood water every year which would be released during seasons of low flow to

increase power generation at downstream plants in Canada and possibly also in the United States. Energy created from this stored water with complete river development downstream from Mica Dam in Canada and the United States together would total approximately 20 billion kilowatt hours, of which 10 billion kilowatt hours might be added to power production in the United States if the stored water is allowed to flow out of Canada.

"However, preliminary studies show that the water stored at Mica could be diverted into the headwaters of the South Thompson and thence into the Fraser River. Thus, instead of half of the energy developed by the water stored in Mica Creek reservoir in Canada being allowed to pass across the boundary for use in the United States, all the energy generated from this water amounting to approximately an additional 10 billion kilowatt hours per annum would be generated and retained for use in Canada.

"In recent weeks the British Columbia Government and the Canadian Section of the International Joint Commission have been approached by United States interests which have upwards of 300 million dollars immediately available and which they desire to spend on the construction of the Mica Dam for the storage it will provide for power plants existing on the Columbia River in the United States. Should this dam be built and the stored water allowed to flow across the international boundary, and should it be taken into use in power and irrigation projects in the United States, an appropriation may become established under Western water law applicable both in the United States and in Canada, and as a consequence it may not then be possible legally for Canada subsequently to divert the flow for use elsewhere, as this would cause extensive disruption and injury to United States industry, for which Canada might be held liable to make compensation under the specific provisions of Article II of the Boundary Waters Treaty of 1909, and the Act of Parliament, Chap. 28, 1-2 George V, May 1911.[166] The procedure to protect Canada against such liability would be to make a reservation of the water in advance of its being taken into use in the United States, and this can only be done on the basis of specific engineering information and definite practicable plans, not presently available.

"It is therefore vital to Canada's interests that before the Mica project is built that the engineering feasibility and the economic practicability of diverting Columbia River system water into the headwaters of the Fraser River system be determined."

General McNaughton has recommended that an amount of $250,000 be included in the estimates of the Engineering and Water Resources Branch of the Department of Northern Affairs and National Resources so that an investigation of the economic feasibility of diversion can be undertaken during the coming year. With regard to the proposal the following points should be noted:

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[166] Voir/See Canada, *Treaties and Agreements affecting Canada in force between His Majesty and the United States of America with Subsidiary Documents, 1814-1925*, Ottawa, King's Printer, 1927, pp. 312-319.

(a) There appears to be no question but that a diversion to the Fraser system is a physical possibility.

(b) There is no doubt about the legality of a diversion. The right to divert in a case like this is specifically reserved in the Boundary Waters Treaty. There would be a right of action before the Exchequer Court of Canada by any party in the United States that could show that it had suffered economic damage through the diversion, but in order to prove injury it would have to show a prior allocation of the water. This is a part of the urgency of the recommendation. The diversion that is in contemplation would involve water that is at present not stored or otherwise "allocated". If it is put under control for use on the lower Columbia there will then be an "allocation" and it could not later be diverted for use in Canada without payment of prohibitive damages.

(c) The economic feasibility of diversion can only be determined by extensive studies of the nature envisaged by General McNaughton. The investigations will involve field surveys, topographic mapping, determination of the cost of structures involved in diversion, comparison of the power possibilities and costs with possible benefits from power development on the Columbia, etc. A full investigation will probably cost several times $250,000 if it is necessary to carry it through in its entirety.

(d) The diversion would, according to present information, not increase the danger of flooding on the Fraser River since the water would be released only at times of low flow.

(e) Because of the importance of fishery interests on the Fraser River, and also because of other factors, there is probably no other possibility of storing water so that the power potential of the Fraser can be developed. It is considered that it would be possible by means of the diversion to develop the power in such a way that fisheries would not be injured.

(f) While there is no question as to the legality of a diversion it can be expected that even the intimation that Canada is considering the possibility of diversion will lead to vigorous protest from the interested parties in the United States.

(g) The government of British Columbia is aware that a diversion is possible and that consideration is being given to its economic feasibility. The British Columbia Electric Company has shown some interest in building the necessary dam at Mica and participating in an overall project.

(h) There is every reason to believe that there will be a need for all the hydroelectric power that can possibly be produced and that, even with this, there may well be a shortage in the foresseable future.

(i) A project involving a diversion into the Fraser would be essentially the same as the Frobisher scheme, which involves a diversion from the Yukon River (which in its natural course flows through Alaska). In connection with it, and in other contexts, the government has taken the position that if energy resources in Canada can be economically used in Canada, they shall be so used and that it will not agree to their allocation, in perpetuity, for use outside of Canada.

The above are briefly the essential considerations in connection with this proposal. A further point that has to be kept in mind is that the investigation of the economic feasibility of the diversion, at considerable cost, might be desirable even if there were a virtual certainty that the diversion would never take place. There are now under way and there will in the next few years be extremely important negotiations with the United States, before the International Joint Commission and otherwise, involving projects for dams and power development in the Columbia River basin. Most of the storage and control features will be in Canada, or will require Canadian participation, but most of the resulting power will be produced in the United States. In negotiations the Canadian position thus far has been that power is the product of flow and head and that equal importance must be given to each. On that basis it has been made clear that Canada should receive a very substantial "downstream benefit" or share of the power produced downstream in the United States — as a result of any controls or storage established upstream in Canada. The United States has not conceded this principle and, even if the principle is conceded, it will be a matter of hard negotiation to get agreement on a share of the benefits that will be in any way equitable to Canada unless Canada has established a very strong bargaining position. That bargaining position will not be strong unless it is clear that there is some way of using the water resources other than by controlling them to produce power in the United States. If it could be shown that a diversion into the Fraser system is economically feasible, the Canadian bargaining position in all the Columbia River negotiations would be enormously improved. While it might cost $250,000 or more to establish that position, the cost would be a trifle as compared with the increased returns that would be derived through greater downstream benefits in perpetuity.

Having regard for the very great importance to Canada in future years of low-cost hydro-electric power, I would suggest that our position might become delicate if we refused to investigate a possibility that may have the effect of yielding an enormous benefit to this country for all time to come. In the circumstances, and notwithstanding the certainty that vigorous protest from interests in the United States may be expected, I recommend that approval be given to the inclusion of an item for $250,000 in the estimate of the Engineering and Water Resources Branch in 1955-56, to study the economic feasibility of a diversion of presently uncontrolled and unallocated water from the Columbia to the Fraser River system.

The item would not involve a special vote, not would it be labelled as being for a possible diversion. It would form a part of the present vote for work on the Columbia system.

If the item is approved, the Secretary of State for External Affairs might wish to consider whether, at an early date, the State Department should be advised of this study so that it may be made clear in advance that this does not involve any decision that a diversion of unallocated water should or should not take place — that it is simply to ascertain whether it would be economically feasible.

JEAN LESAGE

607. DEA/5724-E-40

Projet d'un télégramme du secrétaire d'État aux Affaires extérieures à l'ambassadeur aux États-Unis

Draft Telegram from Secretary of State for External Affairs to Ambassador in United States

TELEGRAM Ottawa, December 14, 1954

CONFIDENTIAL

POSSIBLE USE OF COLUMBIA FLOODWATERS IN CONJUNCTION WITH FRASER RIVER[167]

As the Minister informed you earlier this month, Cabinet agreed on December 1 that the estimates of the Department of Northern Affairs and National Resources should include a sum of $250,000 for studies to be undertaken in 1955 to investigate the engineering and economic factors involved in a possible diversion of Columbia River floodwaters for use in the Fraser River Basin. At that time, Cabinet directed that the United States Government be advised of this study.

2. It was agreed, after consultations with appropriate authorities, that Canada's interest might best be served if

(a) the matter were treated as far as possible, as a domestic one; i.e. the Canadian Government has decided to extend the general surveys now being conducted on the Columbia River Basin to include all facets including a possible diversion of floodwaters from the Columbia River Basin into the Fraser Basin; and

(b) the timing and manner of making a public announcement were selected by the Canadian Government (if possible). Such a public announcement might be made by the Department of Northern Affairs and National Resources on or about December 24.

3. Following Cabinet's decision to inform the United States Government, Wershof conveyed the information to Bliss on December 14. The language used by Wershof was along the following lines:

"The studies which the Department of Northern Affairs and National Resources has had under way for several years in connection with the Columbia River Basin were recently reviewed by the Minister of that Department and other interested government officials. Much interest was shown in the long-term development of the upper Columbia and indeed in the development of Canada's water resources in the basins west of the Canadian Rockies. It was agreed that the studies which the Department of Northern Affairs and National Resources are doing in connection with the use of the waters of the Columbia River should include whatever combinations and permutations may be practicable in the Canadian interest, including the use of two basins in conjunction with one another, such as by diverting flood

[167] Note marginale :/Marginal note:
(this was delivered by hand by Mr. Wershof to the Embassy on Dec 15) [M.H. Wershof]

waters from the Columbia River for use at power sites along the Fraser. This naturally involves problems such as flood control and conservation of fisheries in the Fraser River Basin which require close examination. These are, of course, only studies of an economic and engineering nature and a government decision is unlikely until these have been concluded."

4. Bliss appeared to realize the significance of such a potential diversion. The point was made clear that this was merely a study, of which it was thought that the United States should be informed as a matter of courtesy. We had not thought through whether a public announcement should be made. If one were made, it might be made by Northern Affairs and National Resources shortly before Parliament reconvenes.

5. It would also be useful if you could find a suitable opportunity to inform the State Department orally of the intentions of the Canadian Government as regards these studies. No written communication should be left at the State Department.

6. For your background information only, a possible diversion of Columbia River floodwaters could take place above Revelstoke at a point seven miles from Summit Lake which is the origin of the Eagle and South Thompson Rivers. Water could flow thence through SHUSWAP Lake and the South Thompson River to join the Fraser River at Lytton, B.C. Owing to lack of complete storage and control facilities, a large amount of the floodwater of the Columbia River cannot now be used for power or other purposes.

7. As you know, the United States Corps of Engineers is much further advanced in its studies of the U.S. portion of the Columbia River Basin. Its studies started in 1932 and a main Report No. 308 (costing several million dollars) was issued in 1948.[168] Our own studies started only after the Columbia River Basin Reference in 1944, and will not be completed for at least three years or so.

8. For your own information, we are examining with the Department of Northern Affairs and National Resources the advisability of that Department making a public announcement, possibly on December 24. If this is agreed, Bliss would get a copy of the announcement the day before it is made and a copy would also be sent to you.[169]

[168] Voir/See United States, Department of the Army, Corps of Engineers, North Pacific Division, *Review Report on Columbia River and Tributaries*, Washington: U.S. Army Corps of Engineers, October 1, 1948.

[169] Aucune annonce n'a été trouvée./No announcement was located.

608. DEA/5724-E-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2119 Washington, December 17, 1954

CONFIDENTIAL

Reference: Your unnumbered telegram of December 14, 1954

POSSIBLE USE OF COLUMBIA FLOOD WATERS IN CONJUNCTION WITH THE FRASER RIVER

As suggested in your unnumbered telegram of December 14 that Wershof brought to the Embassy, we spoke yesterday to Vest on the State Department's Canadian Desk. Our explanation was made in language very similar to that used by Wershof when he spoke to Bliss. We emphasized that what was contemplated at the present time was merely a study of the possible uses of the waters in the Upper Columbia River basin and that no decision would be taken by the Canadian Government until that study had been completed.

2. Vest showed keen interest in the information and asked us to repeat that part of our statement in which we referred to the "diverting of flood waters from the Columbia River basin". Vest said that he could not comment officially at the moment but it occurred to him that there were one or two points on which the United States might seek additional information later on. His first point was that if Canada decided eventually to go ahead with this proposal there might be important implications for the United States power plants on the Lower Columbia. He did not know, he explained, whether these plants had been built with the capacity to use the flood waters from the Columbia for generating electric power or whether the flood waters were merely permitted to by-pass the power installations. If it was the case that flood waters were, or could be, used by the existing plants, then the consequences to the United States of the Canadian proposal would be especially interesting.

3. Vest's second point was that there was some doubt in his mind whether the studies that Northern Affairs and National Resources has had under way for several years arose out of the reference to the I.J.C., or whether they were studies undertaken by Canada independently of the I.J.C. reference. He presumed that they were not independent but asked us to get your official confirmation on this point.

4. Needless to say, we, too, would be interested in the answers to the points raised by Vest; particularly the first one. We should be grateful, also if at your convenience you could give us whatever information may be available to you on the possible relationship between the proposed Columbia-Fraser project and the Mica Creek project. We would be interested to know especially whether these two

projects would be alternatives to each other or whether they would be mutually exclusive.

5. We were pleased to see that you intend to give Bliss an advance copy of any public statement that might be made. Although we did not mention the possibility of a statement to Vest we wondered whether, since we have paralleled your actions so far, it might not be useful for us to tell him that a statement may be made near Christmas.

SECTION B

POLLUTION DES EAUX LIMITROPHES
POLLUTION OF BOUNDARY WATERS

PCO

609.

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

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 150-54 [Ottawa], June 9, 1954

CONFIDENTIAL

POLLUTION OF RAINY RIVER IN THE VICINITY OF INTERNATIONAL FALLS, MINNESOTA, AND FORT FRANCIS, ONTARIO

In Note No. 204 dated April 9, 1954,† the Ambassador of the United States of America informed the Secretary of State for External Affairs that representations have been made to the United States Government alleging that the Rainy River in the vicinity of International Falls, Minnesota, and Fort Francis, Ontario, is being polluted by industrial wastes from a neighbouring plant, with ruinous effects on fish life and the use of the stream for fishing. Pollution of this nature is contrary to the provisions of Article IV of the Boundary Waters Treaty signed January 11, 1909, which states that boundary waters and waters flowing across the boundary shall not be polluted on either side to the injury of health or property on the other side.[170] The United States Ambassador therefore suggested that a reference should be made to the International Joint Commission under Article IX of the Boundary Waters Treaty of January 11, 1909, directing the Commission to make a thorough investigation of the matter and to submit a report to the two Governments with recommendations of remedial measures which might be taken to eliminate the pollution of this river.

[170] Voir/See Canada, *Treaties and Agreements affecting Canada in force between His Majesty and the United States of America with Subsidiary Documents, 1814-1925*, Ottawa, King's Printer, 1927, pp. 312-319.

2. It is proposed by the Government of the United States that the reference to the Commission by both Governments should be in the same terms as the Reference of April 1, 1946[171] which concerned pollution of the waters of the St. Clair River, Lake St. Clair and the Detroit River and which was later extended to include waters of the St. Mary's River from Lake Superior to Lake Huron and the waters of the Niagara River from Lake Erie to Lake Ontario), substituting the words "Rainy River" for the names of all the waters mentioned in the earlier Reference. A copy of the Reference with the suggested substitution is attached as Appendix A.

3. The results of the investigations made by the Commission under the earlier Reference into the pollution of these boundary waters were set forth in a report dated October 11, 1950, in which remedial measures were recommended.[172] Both Governments accepted the recommendations and charged the Commission with their implementation.

Recommendation

4. The Secretary of State for External Affairs, with the concurrence of the Minister of National Health and Welfare and the Minister of Northern Affairs and National Resources, recommends that if the Government of the Province of Ontario agrees, the United States Ambassador be informed that the Canadian Government concurs in the suggestion of his Government that a reference in the sense of the attached draft concerning pollution of Rainy River be forwarded to the International Joint Commission.[173]

L.B. PEARSON

[APPENDICE A/APPENDIX A]

Projet de note du secrétaire d'État aux Affaires extérieures au secrétaire de la Commission mixte internationale

Draft Note from Secretary of State for External Affairs to Secretary, International Joint Commission

Ottawa, _____

Sir,

I have the honour to advise you that the Governments of the United States and Canada have been informed that the waters of the Rainy River are being polluted by sewage and industrial wastes emptied into these waters. Having in mind the provisions of Article IV of the Boundary Waters Treaty signed January 11, 1909, that boundary waters and waters flowing across the boundary shall not be polluted on either side to the injury of health or property on the other side, the two Governments have agreed upon a joint Reference of the provisions of Article IX of the said

[171] Voir/See Volume 12, Document 883.
[172] Voir/See Volume 17, Document 855.
[173] Approuvé par le Cabinet le 14 juin 1954./Approved by Cabinet, June 14, 1954.

Treaty. The Commission is requested to inquire into and to report to the two Governments upon the following questions:

(1) Are the waters referred to in the preceding paragraph actually being polluted on either side of the boundary to the injury of health or property on the other side of the boundary?

(2) If the foregoing question is answered in the affirmative, to what extent, by what causes, and in what localities is such pollution taking place?

(3) If the Commission should find that pollution of the character just referred to is taking place, what measures for remedying the situation would, in its judgment, be most practicable from the economic, sanitary and other points of view?

(4) If the Commission should find that the construction or maintenance of remedial or preventive works is necessary to render the waters sanitary and suitable for domestic and other uses, it should indicate the nature, location, and extent of such works, and the probable cost thereof, and by whom and in what proportions such cost should be borne.

For the purpose of assisting the Commission in making the investigation and recommendations provided for in this Reference, the two Governments will, upon request, make available to the Commission the services of engineers and other specially qualified personnel of their governmental agencies, and such information and technical data as may have been acquired by such agencies or as may be acquired by them during the course of the investigation.

The Commission should submit its report and recommendations to the two Governments as soon as practicable.

I have, etc.,
[L.B. PEARSON]

DEA/8010-40

610.

Le premier ministre
au premier ministre de l'Ontario

Prime Minister
to Premier of Ontario

CONFIDENTIAL [Ottawa], November 16, 1954

My dear Premier,

You will recall that in 1946 the Canadian Government agreed with the Government of Ontario that a Reference should be made to the International Joint Commission on the subject of the pollution of boundary waters in the connecting channels of the Great Lakes.

Since that time the International Joint Commission has studied the pollution of these waters and, on October 11, 1950, submitted a report to the Governments of Canada and the United States. As you may remember, the Commission found "that the boundary waters under reference are being polluted on either side of the bound-

ary to the injury of health and property on the other side of the boundary". This meant that the pollution was then in excess of that which Canada and the United States agreed to prevent when they ratified Article IV of the Boundary Waters Treaty of 1909. This Article states in part, ". . . the waters herein defined as boundary waters . . . shall not be polluted on either side to the injury of health or property on the other side". Both countries seemed, at the time of the 1950 Report, to bear about the same responsibility for this state of affairs though pollution was reported — in many instances — to be heavier on the United States side of the boundary. The Commission, therefore, recommended the adoption of "Objectives for Boundary Waters Quality Control" by the Governments of Canada and the United States as criteria to be met in preventing the pollution contemplated by the Treaty.

The Commission's recommendation was, after consultation with your Government, accepted by the Governments of the United States and Canada and the International Joint Commission was requested to establish and maintain continuing supervision of the pollution of boundary waters in the connecting channels of the Great Lakes system in order to ensure compliance with the "Objectives". This supervision has been accomplished through the Technical Advisory Board of the Commission which has co-operated closely with the State and provincial authorities concerned.[174]

It is a source of satisfaction for me to be able to tell you that the Commission has reported that it has received excellent co-operation generally with regard to the abatement of pollution of boundary waters from industrial sources, including the oil refineries in the Sarnia area, and that a solution to the phase of the problem dealing with industrial pollution seems to be in sight. Unfortunately, the Chairman of the Canadian Section of the International Joint Commission, General McNaughton, has had to report to the Canadian Government towards the end of September, 1954 that the situation with regard to the pollution of boundary waters by the discharge of municipal sewage and waste in Ontario continues to cause anxiety. I am informed that little visible progress has been made in Canada towards the solution of this very serious problem. I believe that General McNaughton has kept you and your colleague, the Minister of Health, fully informed of the difficulties in this regard.

At the semi-annual meeting of the International Joint Commission held in Ottawa on October 7, 1954, the Attorney General for Michigan, the Hon. Frank G. Willard, made strong representations to the Commission to the effect that Canada was polluting the water supply of municipalities in Michigan and, in particular, that of Detroit, in violation of the Boundary Waters Treaty of 1909. Your officials will doubtless have brought these allegations to your attention.

The continued discharge of raw sewage into the connecting channels of the Great Lakes system may be not only detrimental to the health and welfare of the people living on both sides of the international boundary but may — at any given moment — constitute a violation by Canada of the Boundary Waters Treaty of 1909 as regards the pollution of these waters. Such an occurrence would naturally have

[174] Voir/See Volume 17, Document 860.

serious repercussions on Canada's relations with the United States. I feel confident, however, that your Government is mindful of this and is taking whatever effective and practical steps are open to it to remedy this situation. Accordingly, I would be grateful if you would acquaint me with the steps which you are taking, in conjunction with the municipalities bordering the connecting channels of the Great Lakes, for the abatement of the pollution of boundary waters through municipal sewage and waste.

Yours sincerely,
LOUIS S. ST. LAURENT

611. DEA/8010-40

Le premier ministre de l'Ontario
au premier ministre

Premier of Ontario
to Prime Minister

Toronto, December 23, 1954

My dear Prime Minister:

I have delayed replying to your letter of November 16, 1954 relating to the pollution of boundary waters, in order that I should have a full opportunity to discuss this matter with my colleagues and other officials.

The problem, of course, goes back a great many years and although we have had it under continuing study for some time, it does not lend itself to an easy or quick solution. Many factors have contributed to the pollution of the boundary rivers and lakes. The rapid industrial and urban growth during the last fifteen years of war and post-war expansion, when supplies of materials and labour were scarce, have undoubtedly aggravated the situation, but the financial stringency of the municipalities and the deferment of proper sewage works during the 1930's have also been contributing factors.

In your letter, you refer to the improvements that have been made in the control of industrial waste. The improvements adopted by some industries are indeed gratifying, but it is evident that it is the industrial development which has brought with it a concentration of urban population which is still the main source of the pollution. This emphasizes a point I have made on occasions at Federal-Provincial conferences that a province with a relatively large volume of industrial development requires substantially greater revenues to meet the economic costs of pollution and traffic congestion and other problems in the fields of health and welfare than one which does not experience it and have these difficulties.

The fact that many industrial plants find it advantageous, owing to their heavy consumption of water or the availability of shipping facilities, to locate near the boundary waters, and that these plants draw other feeder industries to the same locality, accentuates the whole problem. For example, the establishment of the Pol-

ymer Corporation at Sarnia has drawn to that area both oil industries and chemical plants. These companies use large quantities of water and create difficult waste problems. In several instances in this area, phenolic substances are discharged into the St. Clair River. These wastes have high waste-producing properties that are extremely difficult to remove in their entirety. Increased production and changes in the processes often cause increased pollution. An illustration of the latter is the recent change to catalytic cracking in the production of gasoline, which leaves a waste containing a much greater phenolic content.

Some of the offending plants discharge their wastes directly into the rivers or lakes, while others are connected to the public sewers, thereby adding very materially to the municipal problem of waste disposal. In these later instances, too much of the burden has been shifted from industry to the municipality.

Continuous contact has been maintained by our officials with those industries having waste disposal problems. They have been advised of our requirements, and most of them have gone far to remedy the situation. In the Sarnia area, some industries have been able to substantially reduce their discharges of phenolic waste, but the migration of similar industries to this area and the expansion of existing plants have left the overall picture less satisfactory than might be desired.

Now that man-power and material resources are in ample supply, the major obstacle to providing the sewers and the sewage treatment plants that are required to minimize pollution is financial. Our officials and facilities have been made available for the investigation of pollution in the boundary waters, and a close bond of co-operation has prevailed between our officers and those of your Department of Health and the International Joint Commission, as you have recognized in your letter. To stimulate and assist in the construction of waterworks and sewage disposal plants, we established the Municipal Improvement Corporation five years ago to make loans to municipalities for these purposes. In recent years, the number of disposal plants in the Province has been increased by 50 per cent. The majority of these have been for complete or secondary rather than partial treatment. A number of treatment plants has been enlarged and many others are in the development stage. Today this Province has twice as many plants for complete treatment as all the rest of Canada.

While the expansion of sewage treatment has made good progress in many parts of Ontario, it has, however, made less headway in some of the border municipalities. The expenditures required in many of these cases are extremely large and may be beyond the capacity of these municipalities to finance out of their own resources. We recognize the gravity of the pollution problem and the necessity for finding a solution. We are advising the municipalities concerned that it is imperative for remedial measures to be adopted. The Province, on its part, will continue to review the situation and assist where it is able.

The pollution of our boundary waters, however, again emphasizes the heavy financial burdens and responsibilities that rest upon a Province which has a concentration of industry and population. While the huge industrial development experienced by Ontario has undoubtedly added to the tax resources of the Province and of the Federal Government, at the same time it has added very greatly to the

demands upon the Ontario Government for the extension of provincial services. For Ontario to earn a corporation tax dollar, it has to make many commitments, including the pledging of its credit for the expansion of hydro-electric power, which are not required by a province which receives a corporation tax dollar containing a great deal of subsidy. For this reason, I firmly believe that the abatement of pollution should be considered as part of the broader Federal-Provincial fiscal problem.

Yours sincerely,
LESLIE M. FROST

7e PARTIE/PART 7

DÉTOURNEMENT DE CHICAGO
CHICAGO DIVERSION

612. DEA/1760-B-40

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

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

CONFIDENTIAL [Ottawa], January 30, 1954

THE CHICAGO DIVERSION

In teletype No. WA-157, dated January 27, 1954,† a copy of which is attached, the Embassy in Washington reports that a Bill (H.R. 3300) authorizing an increase of 1,000 cubic feet per second outflow in the Chicago Diversion was reported favourably and without amendment by the Committee on Public Works of the House of Representatives on January 11th. The Embassy reports, further, that in the opinion of the United States officials concerned, the Bill may be called up at any time and it may be approved with little or no discussion especially if it could be presumed that Canada had no objections to it. (The Deputy Legal Adviser of the State Department informed the House Public Works Committee, during the hearings on a similar Bill in 1952, that the Canadian authorities "had consistently taken the position that an increased diversion by Chicago would be of concern to Canada". It is not expected, however, that this statement would be sufficient to prevent the House from adopting the Bill, especially since the State Department's own opposition to it, later reaffirmed in a letter to the Committee last year, have been insufficient to block the Bill on the Committee).

When the previous Bill referred to was brought to the attention of the Canadian Cabinet on July 31, 1952, Cabinet agreed that if it appeared that the 82nd Congress might give further consideration to the measure, the Ambassador in Washington should be instructed to inform the United States State Department of Canadian views regarding the proposal for an increase in the Chicago Diversion along the lines of a draft attached to a memorandum you put before Cabinet at that time. The

circumstances now are precisely the same as those which obtained at the time of the Cabinet's approval of the course of action recommended in July, 1952. As considerable time has elapsed, however, you may wish to discuss with your colleagues principally concerned — the Minister of Transport and the Minister of Northern Affairs and National Resources — whether the Ambassador in Washington should be instructed to address a note to the State Department now along the lines of that previously authorized by Cabinet.

Attached is a draft of the proposed note which has been suitably amended to refer to action by the present Congress. Also attached for your signature, if you approve, are letters addressed to your colleagues, the Ministers of Transport and or Northern Affairs and National Resources, sending them copies of the telegram from Washington referred to above and asking their concurrence in the recommendation that the Ambassador in Washington be now instructed to address to the State Department the note authorized by Cabinet in July, 1952. Copies of the proposed draft note and of your memorandum to the Cabinet dated July 21, 1952,† are also enclosed for their information.

One point made by the State Department in opposing the Bill before the House Public Works Committee was that the question of the Chicago Diversion is a matter currently before the International Joint Commission under the Lake Ontario Water Level Reference of June 25, 1952, under which the International Joint Commission was asked to study the effect of all diversions into and out of the Great Lakes.[175] This aspect of the matter was not mentioned in the memorandum to Cabinet or the draft note attached to it, because consideration of the Reference to the International Joint Commission and consideration of the memorandum to the Cabinet had not been interrelated at that time. As the State Department has made use of this argument, however, it is suggested that their position be supported by the addition of a paragraph at the end of the present draft. Another argument put forward by the State Department is that the change in the Chicago Diversion might affect the arrangements set forth in the Niagara Treaty of 1950;[176] although the Embassy has suggested that such a consideration might be appropriately added to the main arguments of our note, any special emphasis on our interests at Niagara might detract from the assertion of our interests in the St. Lawrence River. It is suggested, therefore, that the additional paragraph should omit this point and that it be worded somewhat as follows:

"As the Chicago Diversion is one aspect of a matter now before the International Joint Commission, pursuant to the Reference submitted jointly by the Governments of Canada and the United States on June 25, 1952, it is suggested that the interests of Canada and the United States would best be served by allowing the International Joint Commission to complete its study of this and related matters under the arrangements already agreed upon".

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[175] Voir/See Volume 18, Document 852.
[176] Voir/See Volume 16, Documents 874-886, et/and Canada, *Recueil des traités*, 1950, N° 3/Canada, *Treaty Series*, 1950, No. 3.

The attached letters for your signature, addressed to the Ministers of Transport and Northern Affairs and National Resources, also request their concurrence in this suggested addition.

The Legal Division of the Department concurs in this recommendation, including the suggestion for the additional paragraph mentioned above.[177]

R.A. M[ACKAY]

DEA/1760-B-40

613.

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-184

Ottawa, February 1, 1954

CONFIDENTIAL. MOST IMMEDIATE.

Reference: WA-182 dated January 29, 1954.†

CHICAGO DIVERSION

With reference to the telephone conversation between Messrs. LePan and Côté, quoted below is the text of a note which you should prepare for transmission to the State Department as soon possible. The note is the same as that approved by Cabinet in July 1952, with a few small modifications, required by present circumstances, and with an additional paragraph supporting the point made by the State Department in its representations to the House Public Works Committee with regard to the status of the matter before the International Joint Commission under the Lake Ontario Water Level Reference of June 25, 1952.

2. In submitting the note to the State Department, you should also comment orally on the letter which Assistant Secretary Morton addressed to the House Public Works Committee on July 15, 1953, as reported in House Report No. 1100. This comment should be along the lines that:

"We were interested to note the line they had taken in connection with the levels of Lake Ontario. In doing so, they had quoted part of the text of our Note No. X-51 of February 27, 1952, only. The argument advanced by the State Department as to the levels, however, is not strictly accurate (as you know the State Department would have wanted it to be) without the information contained in our Note No. X-262 of November 4, 1952. This last note stated that because of additional information then available, the previous calculated effect of Gut Dam on the level of Lake Ontario (expressed in Note X-51) was greatly exaggerated."

[177] Note marginale :/Marginal note:
(Note for file — in view of WA-182,† Minister agreed we should send instructions to Embassy at once & tell Messrs Chevrier & Lesage afterwards. Minister OK'd extra paragraph) Feb. 1
M. Wershof

2. Following is the text of the note: Quote:

Sir:

On instructions of my Government I should like to draw attention to the House of Representatives Bill H.R. 3300 which was reported favourably by the Committee on Public Works of the House of Representatives on January 11, 1954 (H.R. Report No. 1100).

The bill would authorize the State of Illinois and the Sanitary District of Chicago, under the supervision and direction of the Secretary of the Army to withdraw from Lake Michigan, in addition to all domestic pumpage, an annual average of 2500 cubic feet per second, to flow into the Illinois waterway for a period of three years. It also provides that the Secretary of the Army shall study the effects of the increased diversion so authorized and shall report to the Congress on or before January 31, 1956.

Although H.R. 3300 authorizes an increase in the diversion only for a limited period, the Canadian Government is of the opinion that adoption of such a measure and, indeed, any increase in the diversion at Chicago, would impair the power potential of the Niagara and the St. Lawrence Rivers and would have an adverse effect upon navigation in the Great Lakes and the St. Lawrence River.

With regard to the power aspect of the matters, the Government of Canada wishes to bring to the attention of the Government of the United States the fact that the proposed increase, if continued, would result in the reduction of the total power potential of the Niagara River and the International Rapids Section of the St. Lawrence River of 39,000 continuous horse-power. On the wholly Canadian reach of the St. Lawrence River, the reduction of actual and potential continuous power would be 13,000 horse-power.

Any increase in the Chicago diversion will cause reductions in the water levels of the Great Lakes, the St. Lawrence River and the Port of Montreal which will have a detrimental effect on Canadian as well as United States navigation facilities, particularly in the years of low stage in the Great Lakes-St. Lawrence system. The water levels in the Great Lakes system have recently been high but reductions in levels in the lower lakes and the river would, of necessity, follow increases in diversion at Chicago by several years. It is evident that the proposed increase does not offer a source of relief from high water and that the ultimate lowering of levels could obtain at times when, in the ordinary cyclical nature of lake supply, critically low lake stages are being experienced.

It may be concluded that the beneficial flood protection aspects of any increase in the Chicago diversion would be small and short-lived; the detrimental effect on navigation interests would continue over long periods, and the damage to the power potential of the Niagara and the St. Lawrence Rivers would be substantial and continuous. The Canadian Government wishes to point out, therefore, that in these respects, any increase in the Chicago diversion would be prejudicial to the rights and interests of both Canada and the United States.

As the Chicago diversion is one aspect of a matter now before the International Joint Commission, pursuant to the Reference submitted jointly by the Governments of Canada and the United States on June 25, 1952, it is suggested that the interests

of Canada and the United States would best be served by allowing the International Joint Commission to complete its study of this and related matters under the arrangements already agreed upon. Unquote.[178]

614. DEA/1760-B-40

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

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

CONFIDENTIAL [Ottawa], March 5, 1954

CHICAGO DIVERSION

As you know, an interdepartmental meeting was held on February 24 to discuss the legislation to authorize an increase in the Chicago diversion now before the Congress. It was decided at that meeting that, although Canada would have a strong case on which to base objection if and when the legislation was passed, a formal protest should be withheld until immediately after both Houses of the Congress had passed the legislation and it would be before the President for signature. The meeting also considered that it might prove useful to make further *oral* representations through the Embassy in Washington to ensure that our views were put before the Senate Committee which is now considering the legislation.

2. Meanwhile, the Embassy in Washington has sent a telegram (WA-312 of February 25, 1954)† to advise that the Senate Public Works Committee — rather than the Foreign Relations Committee — will deal with the Resolution to authorize an increase in the Chicago diversion. The State Department has expressed to the Committee its objection to the legislation but it is unlikely that the Public Works Committee will pay as much attention to the international implications of the proposal as the Foreign Relations Committee would have done.

3. Following informal discussions with officials of the State Department, the Embassy has recommended that a further note reaffirming the Canadian position with respect to the proposed increase would be of assistance to the State Department in strengthening its position before the Committee. In view of this, a draft note has been prepared which might be delivered to the State Department by the Embassy immediately with the request that its contents be brought to the attention of the Senate. A copy is attached for your approval. This note goes very little further than the note already delivered on February 1st, except that it makes specific reference to the relevant provisions of the Boundary Waters Treaty of 1909 and to the use of the waters of the Niagara River for power purposes, as authorized in the Niagara Treaty of 1950. It has been cleared with the Legal Division and the Depart-

[178] Délivré le 1er février 1954/Delivered February 1, 1954.

ments concerned. For these reasons, I should think this note might be sent to the State Department immediately. May I have your directions in this regard?[179]

4. You will recall that Wisconsin and other States bordering on the Great Lakes initiated the action which resulted in the Supreme Court Order of April 1930 limiting the diversion to its present level. It would appear that, if the pending legislation to authorize an increase in the diversion is enacted, this Supreme Court Order would be superseded. To clarify this point, however, it is also suggested that the State Department be asked for its views as to what would be the status, in United States law, if this legislation is passed, of any action brought before United States Courts to maintain the limitation imposed by the Order.

5. The fact that the present bill has been referred to the Senate Public Works Committee rather than the Foreign Relations Committee may afford an opportunity for opponents of the measure, if and when it reaches the floor of the Senate, to have it referred at that time to the Foreign Relations Committee, thus imposing an additional and more formidable obstacle to its passage. The Embassy in Washington might also suggest this tactic orally to the State Department as worthy of exploration.

6. As mentioned above, at the meeting on February 24 it was decided to recommend that, if and when legislation was passed by the Senate as well as the House of Representatives, a formal objection to the implementation of this legislation be lodged with the State Department immediately. In the last paragraph of Telegram WA-312 of February 25, the Embassy has also supported this recommendation. In anticipation of this turn of events, a draft note of formal protest is now being prepared and will be put forward for your consideration under cover of a draft memorandum to the Cabinet as soon as it has been cleared with the various departments concerned.[180]

R.A. M[ACKAY]

615.

DEA/1760-B-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-363 Ottawa, March 8, 1954

CONFIDENTIAL. IMPORTANT.

Reference: My immediately preceding teletype.†

[179] Note marginale :/Marginal note:
Yes L.B. P[earson]

[180] Note marginale :/Marginal note:
Dier of American Division informed by telephone 9:40 AM 8th [March] that draft note had been approved by Minister. E. Côté

CHICAGO DIVERSION

Following is the text of note to the Secretary of State referred to in my immediately preceding teletype. Text Begins:

Quote: On instructions of my Government, I should like to draw attention to my Note No. 79 of February 1, 1954, concerning Bill H.R. 3300, approved by the House of Representatives on February 4, 1954, which would authorize an increase in the diversion of water from Lake Michigan through the Chicago Drainage Canal.

As stated in my note of February 1st, the Canadian Government considers that the adoption of this measure, which will increase the diversion at Chicago by 1,000 cubic feet per second, would have an adverse effect on navigation in the Great Lakes and St. Lawrence River. The effect will be particularly marked in periods of low stage and recent lowering of lake levels indicates that a cycle of low levels may be experienced in the near future. These periods of low water have always occurred in irregular cycles of varying duration. If the supply of water is reduced during a cycle of low levels, very serious injury to navigation in boundary waters will undoubtedly result.

In this connection, I should like to draw your attention to Article II of the Boundary Waters Treaty of 1909. The terms of the last paragraph of that Article clearly affirm the understanding that neither party to the treaty surrenders "any right which it may have to object to any interference with or diversion of waters on the other side of the boundary the effect of which would be productive of material injury to the navigation interests on its own side of the boundary". If the proposed increase in the diversion at Chicago were to take place, the Government of Canada would, in the circumstances described above, consider that there would be material injury to the navigation interests on its side of the boundary.

With regard to the power aspect of this matter, it was stated in my previous note that the increased diversion at Chicago would result in a reduction of the power potential of the Niagara and St. Lawrence rivers and the extent of that reduction, in so far as it concerns Canada, was indicated. Under the provisions of Article II of the Treaty between the United States and Canada, signed on February 27, 1950, concerning the uses of waters of the Niagara River, all the waters of that river available for power purposes are divided equally between the two countries. In this respect, I consider that the situation was well put in a letter addressed to the Chairman of the Committee on Public Works of the House of Representatives on July 16, 1953, by Assistant Secretary of State Morton when he said "The change in the amount of water diverted at Chicago might affect the arrangements set forth in the Niagara Treaty".

The Canadian Government wishes to draw attention once more to the fact that the Chicago diversion is one aspect of a matter now before the International Joint Commission and it is suggested that it would be in the best interest of Canada and the United States to allow the Commission to complete its study of this and related matters before any change in arrangements affecting the levels of the Great Lakes is authorized. Text Ends.

Accept, Excellency, etc....

616. DEA/1760-B-40

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

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

CONFIDENTIAL [Ottawa], March 29, 1954

CHICAGO DIVERSION

As you know, two notes have been recently addressed to the State Department concerning legislation now before the Congress relating to the Chicago diversion. Both notes are in the nature of preliminary statements of the views of the Canadian Government and they leave the way open for a formal objection at the appropriate time. The second note, in fact, suggests that such an objection is contemplated.

The right of either government to object to an interference with or diversion of waters on the other's side of the boundary, which would be productive of material injury to navigation, is expressly reserved in Article II of the Boundary Waters Treaty of 1909. An objection, however, would only be appropriate when it became clear that the objectionable act was about to take place. This matter was considered at a recent meeting between officials of the Departments of the Canadian Government concerned, as it appears that the measure before Congress can be expected to be considered by the Senate in the near future. (The measure was passed by the House of Representatives on February 4, 1954, by an unrecorded vote after a vote to recommit the bill to Committee was defeated by 234 to 150).

Although the Senate may be expected to give more weight to the views of the several States opposing the measure, it would appear that Canada can no longer rely on opposition in the United States to forestall any increase in the Chicago diversion. At the meeting referred to, it was decided to recommend that a formal objection be addressed to the United States Government at the appropriate time. It was considered that the most appropriate time to lodge such a protest would be immediately after the legislation is passed by the Senate. To be effective, on the other hand, the objection should be available to put before the President when he is considering whether or not he should sign the proposed legislation. A note in this sense has been drafted and cleared by the Legal Division of the Department. The draft incorporates suggestions made by the Ambassador in Washington and it has been approved by the Ministers of Transport, Public Works and Northern Affairs and National Resources. A copy of the draft is attached. If you approve, this draft note will be sent to the Ambassador in Washington for use in addressing a note of protest to the State Department immediately if the Senate approves legislation authorizing an increase in the Chicago diversion.[181]

[181] Note marginale :/Marginal note:
OK L.B. P[earson]

Although this matter has been discussed by Cabinet recently, you may wish to bring it up again in order to inform your other colleagues of the action contemplated.[182]

R.A. M[ACKAY]

[PIÈCE JOINTE/ENCLOSURE]

Projet de note de l'ambassadeur aux États-Unis pour le secrétaire d'État des États-Unis

Draft Note from Ambassador in United States to Secretary of State of United States

No. ____ Washington, April ____, 1954

Sir:

On instructions of my Government, I should like to draw attention to my Notes No. 79A of February 1, 1954, and No. 169 of March 10, 1954, concerning Bill H. R. 3300, approved by the House of Representatives on February 4, 1954, which would authorize an increase in the diversion of water from Lake Michigan through the Chicago Drainage Canal. It is noted that this measure has now been approved by the Senate.

As mentioned in my previous two notes, the Canadian Government considers that the adoption of this measure would have an adverse effect on navigation in the Great Lakes and the St. Lawrence River. After careful consideration the Government of Canada has reached the conclusion that an increase in the diversion at Chicago by 1,000 cubic feet per second as provided in this legislation would in fact result in injury to navigation in boundary waters, particularly during cycles of low levels on the Great Lakes.

It is the view of my Government, therefore that the implementation of this proposed legislation would constitute a diversion of waters on the United States side of the boundary, the effect of which will be productive of material injury to the navigation interests on the Canadian side of the boundary. In these circumstances and in accordance with the right which is expressly reserved in Article II of the Boundary Waters Treaty of 1909, I am instructed by my Government to make formal objection to the proposed increase in the diversion of the waters of Lake Michigan and to request that the United States Government take whatever measures may be appropriate to ensure that this proposal is not implemented. In this connection it is suggested that the interests of Canada and the United States would best be served by allowing the International Joint Commission to complete its study of this and related matters under the arrangements already agreed upon in the joint reference of June 25, 1952.

Accept, Sir, the renewed assurances of my highest consideration.

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[182] Note marginale :/Marginal note:
I don't think this need go to Cabinet again. L.B. P[earson]

617. DEA/1760-B-40

Le chargé d'affaires de l'ambassade aux États-Unis au secrétaire d'État aux Affaires extérieures

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

TELEGRAM WA-1463 Washington, August 25, 1954

CONFIDENTIAL. IMMEDIATE.

Reference; Our letter No. 1381 of July 28† and your letter No. X-495 of April 14, 1954.†

CHICAGO DIVERSION[183]

Yesterday I, accompanied by Taylor, delivered to Andrew Foster, Acting Director of the Office of British Commonwealth and Northern European Affairs at the State Department, our note No. 550 of August 24, concerning the Chicago diversion. The text of the note was identical with the draft note attached to your X-495. Horsey, Wight, and Nugent were also present.

2. In our oral remarks we said we hoped that the views outlined in our note would be made known to the appropriate officials of the United States Government before the bill was signed by the President. We took the opportunity to emphasize that the Canadian Government was protesting formally against the proposed increased diversion because of the adverse effects it would have for navigation interests on the Canadian side of the boundary in the Great Lakes and on the St. Lawrence river. We stressed also the detrimental effect that the proposed increased diversion would have on the power development in the St. Lawrence power project and at Niagara Falls, and emphasized also that the proposed increased diversion might affect the arrangements agreed on in the Niagara Treaty of February, 1950. We pointed out in reply to a question by Horsey that the adverse effects foreseen by Canada would be detrimental to United States interests as well, and that, in the opinion of the Canadian Government, the interests of both countries would be served best if no action to increase the diversion at Chicago were taken until after the IJC had completed its studies under the 1952 Lake Ontario reference.

3. Foster undertook to communicate the views outlined in our note to the appropriate officials as soon as possible. Neither Foster nor Horsey seemed to be too clear on precisely what the next step would be and there was some doubt in their minds whether other interested departments would have to be consulted before the State Department's views were sent to the President's advisers. On this point, however, Vallance, to whom we spoke both before and after presenting the note, said that the State Department's views, together with our note, would be sent to the Bureau of the Budget. Vallance, who is probably more familiar with the Chicago diversion than anyone else in the State Department, told us he had drafted a letter to

[183] Le Sénat a approuvé sa version de la résolution H.R. 3300, le 23 août 1954.
The Senate passed its version of H.R. 3300 on August 23, 1954.

the Budget Bureau which contained a recommendation for a Presidential veto. He was unable to foretell, however, whether or not the letter in its present form was likely to be signed. We should tell you also that after the meeting with Foster, Wight told us that the State Department had hoped the bill would die in the Senate so that the question whether or not to recommend veto action would not have to be faced.

4. On balance, we think there is probably some chance that veto action may be recommended, but we are not hopeful that the President will in fact, veto the bill.

5. During the discussion Horsey made the somewhat curious suggestion that there might be some ambiguity in the final sentence of the second last paragraph of our note. Horsey thought that the word "this" in the phrase "to complete its study of this and related matters" might be interpreted to mean that the IJC was studying either (a) the merits and demerits of the Chicago diversion itself, or, (b) the terms of Bill HR-3300. We said in reply that the word "this" referred clearly to the "proposed increase in the diversion of the waters of Lake Michigan" and suggested that there was little room for either of his interpretations if the whole of the relevant paragraph were read in context. Despite our attempts to dissuade him, Horsey remained mildly persistent and we agreed to call your attention to his suggestion.

6. Although the reasons and motive for Horsey's concern were not entirely clear to us, it was evident from the discussion that he was concerned partly at least with the important question of IJC jurisdiction. (You will recall that in our letter 1381 we reported that the question of IJC jurisdiction over the Chicago diversion had been raised by Vallance). Although we consider both of Horsey's interpretations to be quite incorrect, we could not help but wonder why his point had not been made earlier, especially as notes 169 of March 10 and 79A of February 1, 1954, had contained wording identical with that to which Horsey directed our attention in the current note. It would seem, especially in view of the speed with which he focussed attention on this wording, that previous thought had been given to his point in the State Department. In these circumstances we should be most grateful to receive your comments as soon as possible.

7. In confirmation of yesterday's telephone call between Freifeld and Taylor, it has been agreed with the State Department that during the period in which Presidential action is being considered, it would be advantageous for us not to publicize the fact that we have made further representations to the State Department on this question. We should be grateful for your instructions concerning the publicity to be given to our latest note if the President should sign or veto the bill.

8. A copy of the note we delivered is going forward by bag.

618. DEA/1760-B-40

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

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

CONFIDENTIAL [Ottawa], August 25, 1954

CHICAGO DIVERSION

The Embassy in Washington informed us today that there was at least an even chance that the President will *sign* the Chicago Diversion Bill, and that he may do so imminently. While this Bill would authorize only a limited increase in the present rate of diversion, its passage would mark the first time that the Supreme Court Order of 1930 will have been broken. On the other hand, if the President vetoes the Bill its proponents will require a considerable time to put it forward again. In the intervening period the power development in the St. Lawrence River will have proceeded and strong opposition to the diversion can be expected from the State of New York.

2. While our Note, registering formal objection, has already been presented to the State Department, you may consider it advisable to have additional oral representations made. Mr. Heeney is away from Washington at the present time and, in this situation, representations by the Chargé might not have equal impact. You might, therefore, wish to consider the advisability of telephoning to Mr. Robert Anderson, explaining to him the serious effect which signature of the Bill would have at the present time on Canadian public reaction to the Seaway agreement just signed. (Increased diversion will also have an important technical effect on the power and navigation project, which you would presumably not wish to expound to Mr. Anderson on the telephone; there is no reason to think that Mr. Anderson is familiar with the details of Chicago Diversion). You might wish to urge him to use his influence with the President (who is in Denver for some weeks) in this regard.

3. I am attaching for your information the latest message from the Embassy, providing the information that has been obtained on the likelihood of signature or veto.[184]

J[ULES] L[ÉGER]

[184] Note marginale :/Marginal note:
Mr Pearson did not telephone Mr Anderson. M.E. Macdonald

DEA/1760-B-40

619.

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1494 Ottawa, August 26, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Your WA-1463, August 25.

CHICAGO DIVERSION BILL

Following from Under-Secretary, Begins: The Minister asked Bliss to call at noon today and impressed two points on him:

(1) That we are anxious that our representations be considered by the President before he decides whether or not to sign the Bill. Bliss said that he was sure that either the text of your note or the substance of it had been sent "to the White House" yesterday. Although we did not press Bliss further, I am afraid that his answer does not necessarily mean that your note has been brought to the personal attention of the President, who is in Denver. Can you try to get a better answer — surely we have a right to ask that the President be shown our formal representations before he makes a decision. I leave it to your discretion to decide how best to press this at a high level.

(2) That, apart from all other Canadian objections to the Bill, the timing could not be worse in relation to the Seaway agreement signed last week.[185] The Canadian Government is being severely criticized by many people for "selling out" to the United States on the Seaway. We can answer such unjust criticisms but our task will be made almost impossible if, at this time, the Chicago Diversion Bill is enacted into law. Even if there were no engineering connection (which there is) between the Diversion and the Seaway and Power Project, the political connection is clear. I think that you should also make this point at once to the State Department.

2. We will send another telegram† answering some points in your WA-1463. Ends.

[185] Voir/See Document 579.

620. DEA/1760-B-40

Le chargé d'affaires de l'ambassade aux États-Unis au secrétaire d'État aux Affaires extérieures

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

TELEGRAM WA-1472 Washington, August 26, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Your EX-1494 of August 26, 1954.

CHICAGO DIVERSION BILL

Following for the Under-Secretary, Begins: Accompanied by Taylor, I went this afternoon to see Bonbright, who was the most senior State Department officer available. We drew Bonbright's attention to the text of the note we delivered on Tuesday and repeated the arguments outlined in it and the two previous notes.

2. We also brought up the two points dealt with in your telegram under reference:

(1) We were assured that the Canadian views would be put before the President before he made a decision. The regular procedure is that the Bureau of the Budget calls on the interested departments to submit their comments and a brief containing these is presented to the President. It is only when this brief is available that the President's staff would place the bill before him. In this case, the State Department was consulted and transmitted our views to the Bureau of the Budget. In the view of Bonbright and the other State Department officers present at our meeting, this afternoon, it is regarded as impossible that the President would be called upon to make a decision on the bill before the brief mentioned was in his hands.

(2) We explained to Bonbright the awkward situation created by the fact that the Chicago Diversion Bill has been passed by the Congress at just the time when the St. Lawrence seaway was most before the Canadian public, and indicated the unfortunate impressions which might be created if the bill were signed. Bonbright took note of these remarks.

3. The State Department have no information as to the stage which final action on the bill has now reached. Ends.

621. DEA/1760-B-40

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

Ambassador in United States
to Secretary of State for External Affairs

DESPATCH 1621 Washington, September 14, 1954

CONFIDENTIAL

Reference: Our telegram No. WA-1548 of the 7th of September.†

CHICAGO DIVERSION

Attached are eight copies of the Memorandum of Disapproval of the Chicago Diversion bill, which was issued on the 3rd of September from the White House Office at Lowry Air Force Base in Denver.[186] We have only now received these documents. Presumably the reason for the delay has been the slowness with which comparatively routine documents pass back and forth between Denver and Washington.

2. After giving an outline of the bill in the opening paragraphs, President Eisenhower lists the following four reasons to explain why he is unable to approve the bill:

(a) Existing diversions are adequate for navigation on the Illinois waterway and Mississippi River.

(b) All methods of control of lake levels and protection of property on the Great Lakes should be considered before arbitrarily proceeding with the proposed increased diversion.

(c) The diversions are authorized without reference to negotiations with Canada.

(d) The legitimate interests of other States affected by the diversion may be adversely affected.

In commenting briefly on the third of the points listed above, the President notes the representations made by the Canadian Government when the bill was under consideration by Congress, and discloses that Canadian objections to the bill were repeated in a Note to the State Department dated the 24th of August, 1954. The President then expressed the view "that the additional diversion is not of such national importance as to justify action without regard to the views of Canada."

3. It should also be noticed that, in referring to the study now being made by the International Joint Commission of all the factors affecting the level of Lake Ontario, the President observes that, "reasonable opportunity to complete these surveys should be afforded before legislative action is undertaken." You will remember that we have reported on a number of occasions (most recently in our letter No. 1381 of the 28th of July, 1954)† that Mr. W.R. Vallance of the State Department has several

[186] Voir/See United States, *Public Papers of the Presidents of the United States: Dwight D. Eisenhower 1954*, Washington: Government Printing Office, 1960, Document 253, pp. 829-831.

times suggested that the International Joint Commission should hold a special public hearing to discuss the Chicago Diversion. He has repeated this suggestion to officers within the Embassy within the past ten days. Although his proposal for a special public hearing need not be regarded, we think, as representing an official State Department view, it is true that other, and more senior, officers in the State Department are anxious that there should be some definite progress to report to Congress early in its next session on the International Joint Commission's study of levels in Lake Ontario. In opposing the Chicago Diversion bill before the House Committee on Public Works at the last session, officials of the State Department emphasized that the Commission was the proper body to consider the Chicago Diversion in connection with the 1952 reference concerning the level of Lake Ontario. They are afraid that, if there is no marked progress to report to Congress at its next session, the pressure of Congressional opinion for increased diversion may become unmanageable. With that possibility in view, we were last week informed officially by Mr. Hayden Raynor, Director of the Office of British Commonwealth and Northern European Affairs in the State Department, that the United States authorities hoped that the Canadian Government would do everything possible to expedite an early report by the International Joint Commission on water levels in Lake Ontario.

4. From papers left with us by Mr. E.A. Côté during his recent visit to Washington, we gather that the Board of Engineers appointed by the International Joint Commission to consider the Lake Ontario reference, may be in a position to make a report early in December of this year which would be sufficiently definite to warrant arrangements being made for public hearings by the Commission in January and February, 1955, so that a report by the Commission to the two governments could be submitted early next March. We wonder whether you would think it proper for us to inform the State Department of this tentative timetable?

D.V. LEPAN
for Ambassador

CHAPITRE VI/CHAPTER VI

EUROPE ET MOYEN-ORIENT
EUROPE AND THE MIDDLE EAST

PREMIÈRE PARTIE/PART 1

EUROPE DE L'OUEST
WESTERN EUROPE

SECTION A

ORGANISATION EUROPÉENNE DE COOPÉRATION ÉCONOMIQUE : LIBÉRALISATION COMMERCIALE
ORGANIZATION FOR EUROPEAN ECONOMIC COOPERATION: TRADE LIBERALIZATION

SUBDIVISION I/SUB-SECTION I

RESTRICTIONS QUANTITATIVES SUR LES IMPORTATIONS DE LA ZONE DOLLAR
QUANTITATIVE RESTRICTIONS ON DOLLAR IMPORTS

DEA/4901-F-40

622.

La délégation permanente auprès du Conseil de l'Atlantique Nord et l'OECE au sous-secrétaire d'État aux Affaires extérieures

Permanent Delegation to North Atlantic Council and OEEC to Under-Secretary of State for External Affairs

LETTER NO. 2744

Paris, September 16, 1954

CONFIDENTIAL

Reference: Our letter No. 1474 of May 11.†

OEEC REPORT ON THE RELAXATION OF QUANTITATIVE RESTRICTIONS ON IMPORTS FROM THE DOLLAR AREA

You may recall that the last Ministerial Council instructed the Joint Trade and Intra-European Payments Committee to submit a report on the relaxation of QRs on imports from the dollar area to the Council not later than the first of October. Following this instruction, the Joint Committee drew up a questionnaire to Member countries to elicit information on the present levels of dollar restrictions. At the same time the Secretariat has made some effort to ascertain the degree of restrictiveness of the present controls on dollar trade and to provide some estimate of the effects on balance of payments of removing restrictions.

2. Unfortunately neither of these two avenues of approach have yielded very satisfactory information. With regard to the level of restrictions in each country, the Secretariat have endeavoured to ascribe a percentage of dollar trade on private account liberalized for each country. Apart from the well-known difficulties of choosing an appropriate base year and of ascertaining what trade would have taken place had there been no QRs, the additional difficulty that food products in some OEEC countries are subject to state trading has rendered the percentage figures almost meaningless.

3. With regard to the attempt to quantify the effects on balance of payments of liberalizing dollar imports, the results have been equally meagre. A Member of the Secretariat has attempted to compare the percentages of dollar and European imports in European countries for 1938 and 1949 and thereby draw some conclusion as to the effects of removing all QRs. There are, of course, many drawbacks to this sort of analysis and, in our opinion, it could not be used as a basis for decision.

4. The Working Party of the Joint Trade and Payments Committee met last week to discuss the best way of handling the factual sections of the report and to have a preliminary exchange of views on the recommendations to Member countries which might be suggested to the Council. Our view, which we expressed to the Working Party, is that the next Ministerial Council should make a general recommendation to Member Governments to remove all discrimination as quickly as possible. We feel that it would be better to concentrate on the removal of discrimination at this stage rather than of all QRs. There are several reasons for this:

(i) The removal of discrimination is a logical first step and will be more acceptable to European countries than an across-the-board recommendation.

(ii) With the advent of convertibility,[1] all discrimination (unless supported artificially), will tend to disappear. Thus it is important that steps be taken as quickly as possible to reduce the degree of restriction inherent in the dollar QRs so as to reduce the "shock" effect of the removal of discrimination when one or a few currencies are made convertible.

(iii) Products which are entering freely from other European countries might be liberalized vis-à-vis the dollar area more readily than those which are under quantitative restriction from Europe as well.

The Working Group was in general agreement with the view that the principle of non-discrimination should be established at the next Ministerial Council.

5. The terms of reference of the Working Group also require it "to submit concrete proposals to the Council on such action as the Organization might take in co-operation with the United States and Canada in connection with the removal of dollar restrictions".

6. A number of suggestions have been made:

1. The establishment of a common list;
2. The establishment of percentage liberalization targets;

[1] Voir les documents 642-658./See Documents 642-658.

3. The introduction of a procedure for periodic justification of dollar restrictions (i.e. a dollar "negative list" exercise).

7. There was little support at the Working Group for a common list. The Italian Delegate thought that a common list of dollar goods which might be freely traded in Europe might serve some purpose — but he did not envisage this as a comprehensive list intended to cover all liberalized products in any one country. None of the other representatives would accept the idea of a common list of any kind.

8. The possibility of establishing targets for liberalization or for the reduction of discrimination was considered more carefully. The United Kingdom is opposed to the establishment of targets. The reason given was that they consider it inappropriate that OEEC should propose to take on a commitment to countries outside the OEEC area. Another difficulty is that there is a great difference between the dollar-liberalized percentages of different countries and it would, in practice, be most difficult to find a target percentage which would provide a useful focus for future liberalization. It might well retard the advance of the stronger countries.

9. There was no real support for the establishment of targets except surprisingly enough, from the Americans (who were without formal instructions). The FOA representative felt that the establishment of targets might be useful, but he did not press his view. They do think that some sort of review mechanism should be established so that at periods of six months or a year the Organization could assess the implementation of the proposed Council resolution and study any particular problems preventing further progress. The Working Party were inclined to agree that some follow-up work would be useful, but that no specific targets should be set, nor was there much enthusiasm for the introduction of a procedure for periodic justification of restrictions.

10. The results of this first exchange of views seem to us to be entirely satisfactory. We feel that it would be wrong (and contrary to the principles of your instructions to date), to establish a common list or a common target percentage of liberalization. This approach may have some meaning within the OEEC area where there is a definite bargaining relationship between the various countries. Between the various OEEC countries and Canada and the U.S.A. there could be no such relationship. We would be establishing the paraphernalia of bargaining without any of its content! Accordingly we are most gratified that the members of the Working Group have not picked up this idea.

11. The most helpful line for OEEC to take, in our opinion, would be to relate the desirability of the removal of dollar discrimination to the probable, if not inevitable, economic effects of the introduction of convertibility — which imply that discrimination must end with convertibility. A forthright ministerial statement of principle on the desirability of removing discrimination as an essential step toward preparing the country economies for convertibility would be a useful keystone for future work. In addition, a periodic review of country efforts might prove useful.

12. There is one economic point which does not appear to have been fully recognized in OEEC circles in connection with dollar discrimination and convertibility. It has been generally accepted that dollar discrimination will break down quickly following a move to convertibility in Europe. It is usually assumed, however, that

this refers only to the commodities which have been liberalized in Europe but not from the dollar area; i.e. it is agreed that goods liberalized within Europe will have also to be liberalized vis-à-vis the dollar area.

13. It is obvious, however, that in addition to the European free lists, the lists under quantitative restriction which are now being administered in a discriminatory manner will also, on the introduction of convertibility, be administered in a non-discriminatory manner. (i.e. If France has a global quota on refrigerators which at present permits the entry of a number of German refrigerators but no lower priced U.S. refrigerators, the effect of the convertibility of the German mark will be that French authorities will have no reason to insist that French holdings of German marks should be spent on high cost refrigerators rather than transferred into dollars to pay for low cost U.S. refrigerators). This may be a very important factor. It implies that the European countries should give careful consideration to the relaxation of discrimination within the lists of commodities under quantitative restriction if they are to avoid the shock effects of a large number of adjustments at the time convertibility is introduced.

14. We shall be writing to you again as soon as some further progress is made in the Working Group.

L.D. WILGRESS

623.

DEA/4901-F-40

La délégation permanente auprès du Conseil de l'Atlantique Nord et l'OECE au sous-secrétaire d'État aux Affaires extérieures

Permanent Delegation to North Atlantic Council and OEEC to Under-Secretary of State for External Affairs

LETTER NO. 2873

Paris, September 29, 1954

CONFIDENTIAL

Reference: Our letter No. 2744 of September 16.

OEEC REPORT ON THE RELAXATION OF QUANTITATIVE RESTRICTIONS ON IMPORTS FROM THE DOLLAR AREA

The Working Party is now putting the final polish on its Report which will be distributed early next week. We shall send you copies as soon as we receive them in order that you may send us comments in time for a meeting of the Joint Intra-European Trade and Payments Committee on October 11. This will not give you much time to comment but the Committee meeting cannot be postponed as the report is to be referred to the Deputies of the Ministerial Examination Group on Convertibility which meets on October 13.

2. As we indicated in our letter under reference, the statistical and analytical parts of the report are very weak and incomplete. However, the assessment of the effects of liberalizing QRs both *ex post* and *ex ante* is an extremely difficult task and, although the Working Party might have produced a technically improved report, it

almost certainly could not have arrived at a much clearer assessment of what has taken place or what is likely to take place as dollar restrictions are liberalized.

3. The most important section of the report is Chapter 5 which contains the conclusions and recommendations. They will contain the following points:

(i) A proposal that the next Ministerial Council should agree to a resolution inviting Member governments to continue their efforts, as circumstances permit, to relax the QRs which they apply to imports from the dollar area and at the same time to reduce progressively their discrimination vis-à-vis the dollar area.

(ii) A proposal that Member governments should agree to report to the Organization, without delay, all new measures which they may take concerning QRs applied to products from the dollar area and particularly all changes in the lists of products liberated vis-à-vis the dollar area.

(iii) A proposal that a general examination of the situation concerning dollar import liberalization should be undertaken at intervals (perhaps every six months) by OEEC with the collaboration of the United States and Canada and that a report be drawn up periodically on the progress achieved and the conditions encountered.

There was full agreement on these three points in the Working Group. The United States Representative, however, has been pressing for a more explicit description of the examinations which might be carried out in future by the Joint Trade and Payments Committee. The United States apparently has in mind a type of "negative list" exercise by which countries would be requested to submit to the Organization statements of action taken on dollar liberalization, the progress they believe can be achieved and the obstacles to further liberalization with which they are faced.

4. We have not supported the United States Delegation in this request for an examination which would require justifications from Member countries of their dollar restrictions. The only justification they could give would be a balance of payments justification, otherwise they would find themselves in trouble with GATT or, on the other hand, we might find ourselves in an embarrassing situation. Secondly, the main useful purpose served by the negative list exercise is that it provides a basis for reciprocal action in the removal of intra-European QRs. We had felt that if we pressed for a full negative list exercise, that the Europeans might wish for some reciprocal action on the part of the dollar countries and this is precisely what happened.

5. The Norwegian Delegation proposed that the following paragraph should be inserted in the conclusion:

"It was also suggested in the Working Party that, in order to insure a more complete analysis of the situation and a closer co-operation of the United States and Canada in the work of the Organization on dollar restrictions, a recommendation be made to the associate members that they also submit statements on the measures that have been taken by them to insure a more liberal access to their markets".

The European countries immediately picked up the Norwegian suggestion and the United States Representative was able to inform the last meeting of the Working Party that Washington's first reactions to the suggestion were favourable.

6. Although recognizing the psychological advantages (which are emphasized by the Americans in Paris), we have opposed the Norwegian suggestion in the context of the Organization's work on dollar import restrictions. We have said that in principle, though without commitment to you, we could see no objection and perhaps some useful purpose in providing statements from Canada and the United States on what we are doing to insure a more liberal access to our markets in connection with the general move to a wider system of trade and payments. We felt that the Organization's studies on dollar import restrictions should be linked to dollar reserve and balance of payments positions and that the Working Party should not attempt to assess the influence of North American trade policy on the reserve and balance of payments positions. This was much too large a task for the Working Group and would place it far beyond its original mandate.[2] We had in mind, of course, the implication, which is certainly in the minds of the European countries, that there may be some possibility of relating relaxations of dollar import restrictions to relaxations in other forms of commercial policy in the United States and Canada. They are, of course, principally concerned with the United States. We have pointed out that there can be no question of accepting the principle of bargaining other forms of commercial policy including tariff relaxations against relaxations of dollar import restrictions.

7. As agreement could not be reached on this point, accordingly the Working Party decided to include in its conclusions a sentence to the effect that the suggestions put forward concerning the future examinations on dollar import restrictions, "raised questions of a political and a juridical nature". They, therefore, suggest that these considerations be given consideration when a new mandate is drawn up for the Committee. The discussion on the new mandate will probably not take place until after the next Ministerial meeting. However, we shall be obliged to comment on the suggestion at the Trade and Payments Committee meeting on the 11th and probably at the Deputies of the Ministerial Examination Group on October 13. We should be grateful, therefore, for your comments on the line we have taken and your instructions on how we should deal with the matter, before October 11.

8. We do not wish to underestimate the psychological advantages of providing short North American statements on measures taken to assure liberal access of European products to United States and Canadian markets. If the United States Government agrees to provide such statements for this purpose, we feel that Canada can hardly refuse to do likewise. Our full participation in an OEEC examination of this type, of course, makes our task very much easier in the Committees and Working Groups. On the other hand, we feel strongly that statements requested from Canada and the United States should be presented in connection with the general work of the Ministerial Examination Group on the move to convertibility and a wider system of trade and payments, and not solely in connection with the work on dollar import liberalization.

9. We are not, of course, in a position to comment on the reasons for Washington's favourable preliminary reaction to North American participation. It may be

[2] Note marginale :/Marginal note:
Agree [A.E. Ritchie]

that they have in mind only the psychological advantages of participation or, on the other hand, they may feel that an OEEC study linking the relaxation of European dollar restrictions in a general way to relaxations in U.S. commercial policy may serve to strengthen the Administration's hand in promoting more liberal policies in Congress.

K.J. BURBRIDGE

DEA/4901-F-40

624.

Le secrétaire d'État aux Affaires extérieures
à la délégation permanente auprès du Conseil de l'Atlantique Nord et l'OECE

Secretary of State for External Affairs
to Permanent Delegation to North Atlantic Council and OEEC

TELEGRAM 720

Ottawa, October 8, 1954

CONFIDENTIAL

Reference: Your letter 2873 of September 29.

RELAXATION OF QR'S

The U.S. initiative for more ambitious studies relating to the action taken on dollar liberalization might conceivably spring from a dissatisfaction over the selection by the European countries of the commodities liberalized. You will recall that the U.S. Embassy here recently raised this question with us. It may be that our lack of enthusiasm for a Canada-U.S. examination as to the adequacy of dollar liberalization measures has resulted in an attempt to explore this field under the aegis of the joint Trade and Payments Committee.

2. We agree that you should oppose any attempt by the Committee to study the influence of North American trade policies in relation to dollar import liberalization measures. Our attitude has, of course, been that a further relaxation of dollar import restrictions should, in the interests of European countries themselves, proceed as quickly as circumstances permit. And while it is evident that progress along these lines depends to some extent on the degree of "restrictiveness" in the trade and commercial policies of dollar countries, particularly the United States, we should resist any attempt, particularly in this narrower context, to bargain a relaxation of QR's against compensating action by dollar countries or to excuse inaction in dismantling QR's on the grounds of U.S. inaction in liberalizing its own trade policies. (This seems to be a possibility that the U.S. Delegation has overlooked.)

3. In our view, there is even a danger in linking studies on dollar import restrictions too closely with dollar reserve and balance of payments positions. Liberalization measures embarked upon by the European countries in their own interests should strengthen their own economic [sic] and thereby result in stronger reserve positions. You will recall that the U.K. moved forward when its own reserve position was far from satisfactory.

4. If it is the wish of other members, however, we would be prepared to submit a short statement in connection with the work of the Ministerial Examination Group on the measures taken to foster liberal access to Canadian markets.

625. DEA/4901-F-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council and OEEC to Secretary of State for External Affairs

TELEGRAM 868 Paris, October 26, 1954

CONFIDENTIAL

Reference: Your telegram No. 720 of October 8.
Repeat London No. 157; Washington No. 60.

RELAXATION OF DOLLAR QRS

At the joint trade and payments committee last week a sharp division of opinion arose over the recommendations contained in paragraphs 52, 53 and 54 of TP(54)14 concerning the procedure for future examinations of dollar QRS in OEEC. No agreement was possible; the question will be discussed again in the executive committee on November 2.

2. There is no difficulty over paragraph 52 which provides for a periodic report on progress achieved and difficulties encountered. With regard to paragraph 53 the United Kingdom, German, Norwegian and Benelux delegates stated that they could only agree to an examination of obstacles to further liberalization if the United States and Canada were prepared to accept the provisions of paragraph 54, viz. to submit periodic reports on measures that have been taken by them to ensure a more liberal access to their markets. The United Kingdom was doubtful whether they could accept an analysis of the more important commodity groups that remain under restriction in any circumstances.

3. We made a statement setting forth the views contained in your telegram No. 720 and in our statement to the deputies attached to our letter No. 3086.† As we were bound by your instructions to accept the provisions of paragraph 54 only in connection with the broad approach to convertibility and not directly linked with the liberalization of dollar QRS, we suggested that the debate should be resumed in the executive committee.

4. The United States delegation, under instructions from Washington, have been pressing strongly for a periodic comprehensive study of the non-liberalized sector and they are very concerned that our position will reduce the periodic reviews to "a mere stocktaking". Shearer of the United States delegation has talked to us privately urging on us the desirability of altering our stand.

5. We feel that the United States position is most unfortunate. By agreeing to discuss United States commercial policy in relation to the relaxation of QRS they

have raised the possibility in the minds of the European delegations of establishing a bargaining situation. This may have already taken the focus off the desirability for the countries themselves of proceeding at their own best pace and may, in our view, result in the withholding of liberalization measures that might otherwise have been taken in the hope of getting United States concessions.

6. Shearer does not agree with our point of view. He insists that the United States delegation will make it quite clear that in submitting United States reports, there will be no question of bargaining dollar QRS against liberalization of North American commercial policy. He says that Washington considers it important that the OEEC countries should agree to discuss their problems and that it would have an unfortunate effect on Congress if it were known that they had refused to submit to examinations of the type proposed in paragraph 53. In order to make it easier for the European countries to accept these examinations, the United States are prepared to accept the risks involved of European attempts to bargain.

7. While we feel quite strongly that the United States approach is wrong, we nevertheless think that if they are prepared to discuss their commercial policy in the dollar liberalization forum it will be difficult for us to insist on our view. Paragraph 54 is of course aimed at the United States and not at us and so should not cause us any embarrassment.

8. Bearing in mind the United States view that the paragraph 53 proposals will be helpful to their administration in working for a more liberal commercial policy and the necessity of our accepting paragraph 54 if paragraph 53 is to be accepted, we would suggest that you give us more flexible instructions permitting us to accept paragraph 54.

9. If you cannot send us instructions before November 2 please let us know as soon as possible so that the consideration of the dollar import report can be postponed until a later meeting of the executive committee.

DEA/4901-F-40

626.

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council and OEEC

TELEGRAM 819 Ottawa, November 3, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Your telegram 894 of November 2.†

RELAXATION OF DOLLAR QR'S

This problem was discussed again interdepartmentally and our basic views remain as outlined in our telegram No. 720 of October 8. The question of dollar liberalization is one for the European countries to consider in the light of their own interests and in relation to their commitments under the GATT, the IMF and other

international agreements. We do not, of course, regard action on dollar liberalization as dependent on, or related to, reductions in tariff barriers by dollar countries.

2. However, in the view of the apparent U.S. decision to participate in this study (and if there is a general desire to proceed along the lines of paragraphs 53 and 54), you may indicate that we would be prepared to provide information on conditions of access to the Canadian market while repeating the views expressed in paragraph above.

627. DEA/4901-F-40

La délégation permanente auprès du Conseil de l'Atlantique Nord et l'OECE au sous-secrétaire d'État aux Affaires extérieures

Permanent Delegation to North Atlantic Council and OEEC to Under-Secretary of State for External Affairs

LETTER NO. 3306 Paris, November 9, 1954

CONFIDENTIAL

Reference: Our telegram No. 868 of October 26; your telegram No. 819 of November 3; C(54)280.

DOLLAR IMPORT RESTRICTIONS

The OEEC Report on the Relaxation of QRs on Imports from the Dollar Area (C(54)280) was submitted to the Economic Committee for comments last week before being forwarded to the Executive Committee.

2. At the Economic Committee there was a sharp division between the EPU creditors and debtors. The creditors wished the Economic Committee to pass on the report without comment. The debtors, led by the French, wished to include a paragraph in the comments which would alter the whole concept of how OEEC countries should proceed in the liberalization of their dollar imports.

3. The philosophy behind the Joint Trade and Payments report (C(54)280) is that countries should proceed individually at their own best pace toward dollar import liberalization. The French are now proposing that countries intending to liberalize their dollar imports should take into account the incidence of their action on intra-European trade and on the position of Member countries in EPU. Unfortunately, the creditor countries and the U.K. are not inclined to oppose this concept. First of all, they hold strongly to the principle of European co-operation on a regional basis; secondly the concept will in future provide a useful argument for not liberalizing dollar imports should they ever be in a position to need such an argument; thirdly, the U.K. Ministers have periodically, since they first made their proposals for a move toward convertibility, insisted that it was not their idea that convertibility should be achieved at the cost of a reduction of European trade.

4. We and the U.S. Representative opposed the French concept but were not successful in excluding it from the short comments of the Economic Committee

(C(54)288—six copies attached). Paragraph 3 of these comments states *inter alia* that:

> The Economic Committee feels that it is in agreement with the trend of thought of the Joint Committee in underlining that, on the one hand, it is desirable that liberalization of intra-European trade should progress at the same time as liberalization of dollar imports, and that, on the other hand, it would be useful to invite Member countries to continue individually their efforts concerning liberalization of dollar imports, taking into account both their respective economic and financial situation, and the incidence of their action on intra-European trade and on the position of Member countries in EPU.

5. The United States and ourselves reserved our position on the last part of this paragraph. In making our reserve we made the following points:

6. We said that our reserve was one of emphasis and that we would agree that it was important that the reduction of dollar import restrictions should not have a disruptive effect on intra-European trade; that was why we had on previous occasions emphasized the importance of countries taking full advantage of the present favourable situation in Europe in order that the adjustments which would be required should take place gradually.

7. The French amendment, however, raised a question of principle. We felt that the OEEC countries should focus their attention on the desirability of acquiring the full advantages that would accrue to the OEEC area when it is integrated into a wider system. In order to enjoy the full advantages of a fully multilateral system, it might be necessary to accept some change in European trade patterns and some need for internal price adjustments. We said that it was our hope that these changes might take place gradually and in conjunction with a rising level of overall trade so that sharp internal adjustments might not prove necessary. In this context we agreed that Member countries should take account of the results of their dollar liberalization on other countries. We did not, however, share the view that the particular pattern of regional trade which had been built up under an area of restrictions should be maintained in all circumstances.

8. When the report is discussed in the Executive Committee and Council, the French Delegation is almost certain to insist that the ideas contained in para 3 are incorporated in the Council resolution. The best we and the Americans can probably hope for is that we may be able to modify it along the lines of our intervention. If you have any comments on these points, we should be glad to have them before November 18.

9. On the conclusions of C(54)280, there has been some additional discussion behind the scenes and there will be more before the next meeting of the Executive Committee when the report will be discussed on November 18. The U.S. Delegation under firm instructions from Washington, are pressing for the periodic examination of dollar import restrictions in OEEC including an analysis of the most important commodity groups that remain under restriction and of the obstacles to the removal of such restrictions. The U.K., up until recently, has objected to this approach but they are now apparently prepared to accept it. The continental countries on the other hand, which had sheltered behind the U.K. objections are now

finding that they will have to fight the issue themselves. Their attack is along two lines:

(i) They will insist on associating a study of North American commercial policy with the examination of European dollar import liberalization;

(ii) They will probably follow the French proposal discussed above relating EPU trade and balance of payments positions to the dollar liberalization exercise.

10. Our assessment is that the U.S. insistence on detailed examination of obstacles to future dollar liberalization has tended to stimulate a co-operative resistance among the OEEC countries and the ultimate result may be to retard the progress toward liberalization rather than accelerate it for the reasons we have expressed in previous communications. The U.S. Delegation, however, are insisting that detailed examinations of the obstacles to future liberalization will be a useful element to place before Congress as a counterpart for the administration's proposals for a more liberal U.S. commercial policy. In this connection, they will suggest that C(54)280 be de-restricted so that it may be circulated in Washington.

11. Prior to the Executive Committee meeting on November 18, the U.S. Delegation will attempt to redraft para 54 of C(54)280 in order to provide for the examinations they desire and also to make it more acceptable to the OEEC countries. We do not feel that we need additional instructions for the November 18 meeting. We shall proceed in accordance with your telegram No. 819 of November 3.

C.L. READ

628.

DEA/4901-F-40

La délégation permanente auprès du Conseil de l'Atlantique Nord et l'OECE au sous-secrétaire d'État aux Affaires extérieures

Permanent Delegation to North Atlantic Council and OEEC to Under-Secretary of State for External Affairs

LETTER No. 3476 Paris, November 25, 1954

CONFIDENTIAL

Reference: Our letter No. 3306 of November [9].

DOLLAR IMPORT RESTRICTIONS

The OEEC report on the relaxation of QRs on imports from the dollar area (C(54)280) was considered at some length at the Executive Committee on November 23.

2. The French Representative, Mr. Wörmser, served warning that the French Government would reserve its position on the body of the report and could only accept the conclusions and any Council resolution arising out of the conclusions if they were modified to take account of French views. The main point at issue is that the French Government wishes the Council to agree that Member countries considering the further liberalization on dollar imports should take into account not only their respective economic and financial situation but also the incidence of their action on

intra-European trade and the position of Member countries in EPU. The Italian Representative supported the French position but it did not receive any vocal support from any other quarter in the Executive Committee.

3. We and the U.S. objected strongly to the French intervention. We indicated that in principle it was contrary to principles which Member countries had accepted in the GATT and the Fund and consequently it was not proper that OEEC should inscribe this principle in its Council decisions. We also pointed out that in the move towards convertibility and the freeing of dollar trade, there was likely to be some alteration in European trade patterns. Such an alteration might be necessary if European countries were to derive the full advantage of the move towards a wider system of trade and payments. The German and Netherlands Representatives supported this point of view.

4. The Scandinavian Representatives (Norway and Sweden), while prepared to accept the report, placed emphasis on the close connection between work on dollar import liberalization and the examination of North American commercial policy. In their view the OEEC should study as a matter of first importance the future development of the dollar balance. The Scandinavians, supported strongly by the U.K., felt that that part of the future OEEC examinations of dollar import restrictions which relates to North American commercial policy was of prime importance. They intimated that future relaxations of dollar import restrictions depended on U.S. action to liberalize their commercial policy. The U.S. Representative indicated that this was not his Government's view and that there could be no question of bargaining dollar import restrictions in Europe against the freeing of U.S. commercial policy. The Scandinavians, however, are insisting that the examinations of North American commercial policy should be as stringent and comprehensive as the examinations of the dollar import policies of European countries. The U.S. Delegation are apparently prepared to accept this view and are prepared to discuss prospects as well as past achievements with regard to U.S. commercial policy in an OEEC forum.

5. The report got past the Executive Committee without any attempt being made to change its conclusions as amended by the U.S. proposals contained in C(54)288. There is no indication, however, that the French Representative will change his views at the Council and it is difficult to forecast what the outcome of the debate in that forum will be. The Council will consider the report on November 26.

KJ. BURBRIDGE

629. DEA/4901-F-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council and OEEC to Secretary of State for External Affairs

TELEGRAM 1092 Paris, December 4, 1954

CONFIDENTIAL

Reference: Our letter No. 3476 of November 25.

DOLLAR IMPORT RESTRICTIONS

Following is the text of a draft Council recommendation concerning the relaxation of quantitative restrictions on imports from the dollar area. This recommendation was drawn up by a small working group on which we were not represented. It was circulated to delegations just prior to the Council discussion on December 3. Our following telegrams comment on the discussion and request instructions.

"CES/337 1 December 1954

The Council

Having regard to the resolution of the Council of the 6th May, 1954, concerning the relaxation of quantitative restrictions on imports from the dollar area (C(54)130);

Considering the report of the Joint Trade and Intra-European Payments Committee of 25th October, 1954, on the relaxation of quantitative restrictions on imports from the dollar area (C(54)280), the comments of the Economic Committee thereon (C(54)288), and the proposals submitted by the United States delegation (C(54)299);

Considering that it is in the interest of member countries to the extent that circumstances permit and taking due account of the objectives of European economic co-operation, to make further efforts to reduce quantitative restrictions on imports of goods (and restrictions on payments for services) from the United States and Canada and from non-member countries of the organization with a view to achieving a sound and balanced multilateral trading system on a world-wide basis;

Considering, however, that such progress should not endanger the results already achieved in the liberalization of intra-European trade and payments;

Recognizing that the speed with which further (sustained) progress in the removal of restrictions on imports from the dollar area can be achieved depends also upon action taken by countries in that area to reduce barriers to trade; desirous, therefore to ensure close co-operation with the United States and Canada in this matter;

I. Recommends

1. Member countries should continue individually their efforts to reduce, each to the extent that its economic and financial situation permits and taking into account

the objectives of European economic cooperation, quantitative restrictions on imports of goods (and restrictions of payments for services) from the United States and Canada.

2. The associated countries should:

(a) likewise continue their efforts to ensure a more liberal policy in their trade relations with member countries, thereby facilitating the efforts of member countries to relax their quantitative restrictions on imports from the United States and Canada; and

(b) Keep the organization regularly informed of measures which they have taken in this field and of their programmes and policies for further progress.

II. Decides

3. Member countries shall inform the organization of any new measures which they take regarding the quantitative restrictions of imports of goods (and restrictions on payments for services) from the United States and Canada and, in particular, of any change in the lists of goods which may be imported without restriction from those countries.

4. (a) The organization shall undertake, from time to time, an examination of the problem of such restrictions vis-à-vis the United States and Canada so that a report thereon may be made to the Council;

(b) The examination shall include:

(i) a study of the progress achieved by each member country in the removal of such restrictions vis-à-vis the United States and Canada and of the difficulties encountered in their removal, the effects thereof, and the obstacles to further (sustained) progress;

(ii) a study, to the fullest extent possible, of the effects of such liberalization (on intra-European trade and) on the trade and payments position of member countries with the United States and Canada as well as with the E.P.U. area;

(iii) a study, with the framework of the general situation, of the effects of action taken by associated countries; and

(iv) an analysis, on the basis of these studies, of the extent to which further liberalization of imports from the United States and Canada is possible.

(c) In the conduct of these studies and analysis, the considerations affecting each of the three main groups of commodities, — i.e., food and feeding stuffs, raw materials, and manufactured goods — should be presented to the fullest extent possible.

5.(a) The Executive Committee shall decide which body of the organization shall undertake the examination provided for in paragraph 4 and shall arrange that a report on the results of the first examination shall be submitted to the Council not later than 30th June, 1955.

(b) The Joint Trade and Intra-European Payments Committee shall, in due course, propose to the Council a questionnaire which should be sent to member countries in order to provide material for the examination referred to in paragraph 4. In drawing it up, the committee may take into consideration the suggestions made by the United States delegation in Annex B to Document C(54)299. (It is, however, to be

understood that no country will be asked to justify the maintenance of quantitative restrictions in respect of any individual commodity.)"

630.

DEA/4901-F-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council and OEEC to Secretary of State for External Affairs

TELEGRAM 1093

Paris, December 4, 1954

CONFIDENTIAL

Reference; Our immediately preceding telegram.

DOLLAR IMPORT RESTRICTIONS

Following are the texts of two draft Council resolutions which we proposed at the OEEC Council on December 3 as alternatives to the draft resolution contained in our immediately preceding telegram.

"

The Council

December 2, 1954

Having regard to the resolution of the Council of the 6th May, 1954, concerning the relaxation of quantitative restrictions on imports from the dollar area;

Considering the report of the Joint Trade and Intra-European Payments Committee of 25th October 1954, on the relaxation of quantitative restrictions on imports from the dollar area C(54)280, the comments of the Economic Committee thereon C(54)288;

Considering that it is in the interest of member countries, to the extent that circumstances permit, to make further efforts to reduce quantitative restrictions on imports of goods and to end restrictions on payments for services from the United States and Canada and from non-member countries of the organization with a view to achieving a sound and balanced multilateral trading system on a world-wide basis.

Recommends member countries should continue individually their efforts to reduce, each to the extent that its economic and financial situation permits, quantitative restrictions on imports of goods and restriction on payments for services from the United States and Canada and from non-member countries of the organization.

Decides member countries shall inform the organization of any new measures which they take regarding quantitative restrictions of imports of goods and restrictions on payments for services from the United States and Canada and non-member countries of the organization and, in particular, of any changes in the lists of goods which may be imported without restriction from those countries.

The organization shall undertake, from time to time an examination of the problem of such restrictions vis-à-vis the United States and Canada and other non-member countries so that a report thereon may be made to Council."

2nd December 1954.

"

The Council

Recognizing that the speed at which member countries can move toward non-discrimination vis-à-vis non-member countries depends on developments in their own balance of payments situation and upon action taken by countries in the dollar area.

Recognizing that practical progress toward the elimination of discrimination vis-à-vis non-member countries is an essential preparatory step to the move toward a wider convertible system of trade and payments.

Decides that the organization shall keep under review development in the commercial policies of the associated countries and to this end shall request periodic reports on actions which they have taken to reduce barriers to trade."

DEA/4901-F-40

631.

Le représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council and OEEC to Secretary of State for External Affairs

TELEGRAM 1095 Paris, December 4, 1954

CONFIDENTIAL

Reference: Our letter No. 3476 and immediately preceding telegrams.

DOLLAR IMPORT RESTRICTIONS

The OEEC Council considered the report on dollar import restrictions on November 26 and again on December 3. At the meeting of November 26 little progress was made in arriving at a basis of agreement on a resolution. Indeed the debate ranged over a wide area in which most of the principles which had previously been agreed upon were thrown again into the melting pot.

2. The Swiss delegate made a very damaging statement in which he indicated disagreement with the main lines of C(54)280 (although the Swiss representatives at the working party had accepted it). The Swiss representative was motivated by the annoyance of his government over the treatment of the Swiss watch case by the United States Government.[3] He suggested that no decision be taken, that the report

[3] Le 27 juillet 1954, l'Administration des États-Unis a majoré les droits sur les importations de montres suisses pour protéger son industrie de l'horlogerie nationale.
On July 27, 1954, the United States administration increased the tariff on imported Swiss watches to protect its domestic watch-making industry.

be sent back for further consideration of the advantages of a concerted regional approach to the problem.

3. The French representation supported this suggestion as did the Italians and the Norwegians. We made a strong statement along the lines of your instructions.

4. The main point at issue, apart from the question of (groups corrupt) as opposed to an individual country approach to dollar liberalization, is the underlying question of reciprocity and the linking of United States commercial policy liberalization with progress in Europe. The United States delegate has committed his government (under specific instructions from Washington) to the association of an examination of United States commercial policy in conjunction with the examination of dollar QR's. He has insisted that there can be no question of bargaining the removal of dollar QR's against changes in United States commercial policy but they are (prepared?) to discuss their problems in order to secure a thorough examination of European QR's and dollar products. The European countries appear to welcome the opportunity to associate a consideration of United States commercial policy with dollar liberalization and there is no doubt that they are hoping that some possibilities for reciprocity will develop. As a first step they are insisting that there should be as detailed an examination of commercial policy in the associated countries as there is of dollar restrictions in Europe. None of the European countries, with the exception of Switzerland, is prepared to provide justifications for QR's which are being maintained (this is what the United States has been seeking). Switzerland, with almost no restrictions on dollar goods, wishes to have a procedure for justification in order that they may request the United States to justify its actions on Swiss watches and other products.

5. The Council on November 26 formed a small ad hoc group on which we were not included to draft a resolution. This resolution was circulated just prior to the Council meeting on December 3. The text is contained in our immediately preceding telegram.

6. In our view the draft resolution prepared by the group has many unfortunate aspects which are not in accordance with your previous comments and instructions. It provides for quite extensive examination of United States and Canadian commercial policy. In the last paragraph of the preamble, it recognizes that the speed with which further sustained progress in the removal of restrictions on imports from the dollar area can be achieved depends also upon action taken by countries in that area to reduce barriers to trade. It is almost impossible to disagree with this sentence as it formed part of the highly negotiated statement of principles of the ministerial examination group last June GMC(54)6. We are reporting separately on other points in the draft and the country positions taken on them yesterday.

7. After examining the draft prior to the Council on December 3, and bearing in mind the possibility that many parts of it might not prove generally acceptable, we decided to prepare alternative draft decisions more in line with our views. Our principal aim was to (1) separate the examination of associated countries' commercial policy from the dollar liberalization exercise and so reduce the risk of demands for reciprocity (2) restrict the dollar exercise and remove any suggestion of negative

list justifications. The two draft Canadian proposals are contained in our immediately preceding telegram.

8. At yesterday's meeting we put these two proposals before the Council. The chairman, with whom we had discussed them previously, felt however that he would have to allow the Council to consider the working group's proposals first and as the entire meeting was taken up with this discussion, our proposals will not be considered until December 10. From our immediately preceding telegram which gives a detailed account of the discussion, you will see that there is a large measure of support for the working group's draft. This of course will make it very difficult to reopen discussion on our proposed texts should that be your wish.

9. The United States delegation is under strict instructions from Washington to press for the acceptance of the working group's draft. They recognize fully the risks they are running in associating the North American and European questions, but they are evidently much more concerned about getting a full discussion of European difficulties. The United States delegation, although it has failed in its efforts to secure an examination requiring justifications intends nevertheless to promote a full exchange of views on reasons for not eliminating QR's. This of course does not appear in the texts. In our view the more pressure the United States exerts on the European countries the more these countries will tend to press for reciprocal action from the United States. Indeed the European countries will probably welcome the chance to put the United States in the witness box.

10. The way things are moving seems to us unfortunate. If the working group draft is accepted European countries, we feel, will be inclined to consider not only their own financial situations when undertaking further relaxation of dollar restrictions, but also their bargaining position vis-à-vis the United States. This may retard the move toward non-discrimination which has been proceeding well up to now and may have unfortunate consequences on the timing of the move to convertibility.

11. We should like to emphasize that the Europeans at the moment have no designs on Canada and there is a general recognition of our liberal import policies. The United States delegation has told us privately that they are unlikely to agree to discuss their commercial policy if we refuse. Thus our refusal to accept the working group proposal might prevent if from being accepted by Council. Such a refusal on our part would however, subject us to the strongest criticism from all sides including the United States.

12. We should be grateful for your instructions on this matter as soon as possible as the Chairman will wish to have private discussions with us prior to the next Council on December 10. At any event, we will have to have instructions by that date. Please send us detailed comments on the texts as well as your instructions and views on the handling of the subject in Council.

632.

DEA/4901-F-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2050

Washington, December 7, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Your telegram EX-2249 of the 7th of December repeating telegram No. 1095 of the 4th of December from Canac, Paris.

DOLLAR IMPORT RESTRICTIONS

In accordance with the suggestion made to us over the telephone by Ritchie, we called this afternoon on Barnett and Boochever in the Office of European Regional Affairs in the State Department to explore the United States attitude towards the draft resolution on "relaxation of quantitative restrictions on imports from the dollars area," which is at present before the OEEC Council. Barnet and Boochever are the officers responsible for issuing instructions to the United States delegation on this subject.

2. We were assured that there has been no change in the United States position and that, in particular, the United States Government does not accept the principle that the speed at which quantitative restrictions on imports from the dollar area can be reduced depends upon a further liberalization of United States commercial policy. When the draft prepared by the working group was received in Washington, concern was at once expressed in a number of quarters over the insertion of this unacceptable principle. Officers in the State Department responsible for commercial policy were especially anxious that the offending sentence should either be amended or removed. After consultation both inside the State Department and with other agencies, including FOA, the United States Delegation to OEEC was instructed to try to have the relevant sentence amended so that it would state merely that the removal of dollar import restrictions "would be facilitated by" the removal by the United States of obstacles to trade. A reply soon came back to the effect that it would be difficult to have such a change made in the light of the fact that a sentence very similar to that contained in the working group's draft had been included in the statement of principles formulated by the ministerial examination group last June. The State Department reluctantly decided not to quarrel with that rejoinder. But they issued fresh instructions that their representative on the Council should make a statement explaining that, in the view of the United States Government, individual OEEC countries should reduce their quantitative restrictions on dollar imports as quickly as their balance of payments and the level of their reserves warranted, and that these were the only two relevant criteria. The United States representative was also instructed to seek the approval of the Council for this interpretation. It was not known in the State Department this afternoon whether such a statement had in fact been made at the meeting of the Council on the 3rd of

December. But Barnett said that they would sent a telegram at once to enquire whether the instructions had been carried out.

3. The State Department officials to whom we spoke regretted that events in OEEC had been allowed to develop in such a way as to create a situation in which it might be difficult to amend the resolution entirely to our satisfaction. But they were not disposed to let the issue go by default and said that they would welcome Canadian cooperation. They were disturbed by the possibility that the Canadian representative might refuse to accept the resolution and expressed the hope that the United States and Canada would be able to keep in step on this issue. Barnett said that if we could let him know as quickly as possible the conclusions reached at the interdepartmental meeting being held in Ottawa this afternoon, they would give our views immediate and sympathetic consideration, and would be glad to try to concert with us a common approach to this problem. If you decide to take up this offer, it would be helpful if you could provide us by teletype with the draft resolution prepared by the working group and also with the drafts prepared by our delegation to OEEC.

DEA/4901-F-40

633.

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council and OEEC

TELEGRAM 958 Ottawa, December 8, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Your telegrams 1092-1095 of December 4.
Repeat GATDEL Geneva No. 39; Washington EX-2277; London No. 1891.

DOLLAR IMPORT RESTRICTIONS

Following are our tentative views subject to confirmation late Thursday. In the meantime you might like to use this telegram as a basis for discussion.

1. We appreciate your constructive effort to adapt the draft Council resolution so as to make it less unpalatable. We would find it difficult, however, to support your re-draft in its entirety and we have ourselves given some thought to the manner in which the original draft might be modified in order to make it acceptable. We indicate below the respects in which we feel it should be changed.

2. While we do not underestimate the difficulty of securing acceptance of a re-draft of the kind we have in mind, we would not find it possible to support the resolution unless the preamble, and the subsequent reference back to it in recommendation (1), were modified substantially in the manner indicated. We also attach considerable importance to the elimination of the word "more" in paragraph I (2) (a).

3. We would not be prepared to accept a resolution which would modify the international obligations of the European countries merely to avoid affecting intra-European trade, or which, in effect, made the improvement of the commercial policies of the dollar countries a *quid pro quo* for relaxation of the dollar import restrictions which the European countries should undertake in any event.

4. If our unwillingness to go along with the resolution would result in it not being passed we would not be greatly troubled because we doubt that the resolution would be likely to have any very beneficial effects. Almost certainly, if it were passed in its original form, it would not result in benefits which would outweigh the unfortunate consequences which it might have for the GATT and for any representations which we make to individual European countries.

5. The following are the changes which we feel should be made in the draft resolution:

(a) The last three paragraphs of the preamble should be replaced substantially as follows: "*Considering* that it is in the interests of member countries to abolish discrimination in international trade as quickly as the state of their reserves and their balance-of-payments prospects permit, and that many member countries have entered into international obligations to do so through their membership in the GATT and in the IMF; *Considering* that the objectives of European economic co-operation, to which members re-affirm their attachment, include the achievement of a sound and balanced multilateral trading system on a world-wide basis; *Recognizing* that the reserve and balance-of-payments position of member countries, and their consequent capacity to remove restrictions on imports from the dollar area, will be affected by the action taken by countries in that area to provide opportunities to foreign countries to earn dollars." (You will note that the first consideration as far as the word "permit" is in accordance with paragraph 46 of Document C (54) 280.)

(b) Paragraph I (1) might simply read "Member countries, taking into account the foregoing considerations, should continue individually their efforts to reduce quantitative restrictions on imports of goods (and restrictions on payments for services) from the United States and Canada.

(c) The word "more" should be deleted from paragraph I (2) (a).

(d) In paragraph II (4) (b) (ii) the words "on intra-European trade and" seem redundant and should be deleted although we would not insist on this. We regard the whole of II (4) as providing only for studies and examinations and would not consider that any policy implications inconsistent with the preamble should be read into the fact that studies of the kind described were being undertaken. In connection with II (4) (a) in particular, the studies would be useful, but we would no expect their results to be regarded as binding, since these are matters which are covered by international agreements such as the GATT, and we would not expect the OEEC to attempt to take the place of the GATT in determining whether further liberalization was possible or appropriate.

(e) With respect to the last sentence of paragraph II (5) (b) we do not feel we should adopt a position, since this matter appears to be of more concern to other countries than to us.

To CANAC[4] only

We have not yet received documents C (54) 288 and C (54) 299.

To GATT DEL only

You might discuss this matter with Win Brown of the U.S. delegation.

To London Only

You might discuss this problem with the appropriate U.K. officials.

To Washington only

We have repeated to you telegrams 1092-1095 of December 4 from CANAC containing the draft recommendation prepared by the Working Group and related information. We would be glad if, on the basis of the considerations outlined above, you would discuss this matter further with the appropriate U.S. authorities. As Barnett has suggested, we would be glad, if possible, to concert with them a common approach to the problem.

DEA/4901-F-40

634.

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2066 Washington, December 9, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Your telegram EX-2277 of the 8 of December.

DOLLAR IMPORT RESTRICTIONS

This afternoon at the State Department, we discussed this matter again with Barnett and Boochever of the Office of European Regional Affairs. Also present was Murray Ryss of the Commercial Policy Staff, who has been representing the State Department on a small inter-agency committee under FOA Chairmanship that has been considering dollar import restrictions.

2. We had had typed out the re-draft you had suggested to replace the preamble of the draft resolution prepared by the working group and the first paragraph of recommendations. After examining your draft, the State Department officials told us that it seemed to them to meet very well the points that had been causing worry in Washington as well as in Ottawa; and they would have been glad to support it if it had come a week earlier. However, they said that they could see no hope of persuading the OEEC Council to agree to such an extensive revision of the working group's draft as acceptance of your proposals would entail. They themselves have reluctantly come to the conclusion that it is now too late to obtain a wholly accept-

[4] CANAC se réfère au représentant permanent du Canada auprès du Conseil de l'Atlantique Nord.
CANAC refers to the Permanent Representative of Canada to the North Atlantic Council.

able resolution and believe that our joint efforts should be directed instead to seeking approval of an interpretation which, if accepted, would leave the total record in not too unsatisfactory a state.

3. The core of the interpretation they have in mind would state "that nothing in this resolution conflicts with the principle that the basic criteria for dollar liberalization are balance of payments considerations and the level of reserves and that this principle is in accord with the obligations recognized by many members of the OEEC as signatories to the articles of agreement of the International Monetary Fund and as contracting parties to the general agreement on tariffs and trade". They intend to instruct the United States representative on the Council to try to obtain unanimous agreement for this interpretation for the moment. This move has not been cleared with other agencies and has the status only of a State Department proposal. It is expected that inter-agency approval for it will be secured this afternoon.

4. State Department officials hope that if our delegation to OEEC finds it impossible to obtain substantial support for the re-draft you have proposed, you will give them latitude to rally to the expedient they have in mind. They have undertaken to send a telegram this afternoon to their delegation to inform them that the new Canadian draft would be satisfactory from the United States point of view. But they could not undertake to instruct their delegation to support our new draft, since United States representatives in Paris have been too involved in the preparation of the working group's resolution to assist in seeking approval for extensive revision. They also admitted that they have felt obliged to give weight to the argument constantly advanced by the United States delegation on the spot that any attempt to drastically revise the draft resolution would be damaging to comity within the OEEC.

5. Finally, they said that they hoped we would not find it necessary to vote against the resolution. For their own part, they would not be prepared to scuttle it even to safeguard the principle embodied in their proposed interpretation statement, to which they, too, attach great importance.

A.D.P. HEENEY

635.

DEA/4901-F-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council and OEEC

TELEGRAM 968

Ottawa, December 9, 1954

CONFIDENTIAL. IMMEDIATE.
Reference: Our telegram No. 958 of December 8.
Repeat Washington EX-2288; Geneva No. 40; London No. 1901.

DOLLAR IMPORT RESTRICTIONS

This message is to confirm the instructions contained in our earlier telegram. You should accordingly press for a redraft of the resolution on the lines which we have proposed. In that connection you might note incidentally that our version of the preamble is much closer than the original draft resolution to the views expressed in the report of the Joint Trade and Payments Committee.

2. If a revision containing the substance of our redraft is not acceptable to others you should indicate that you are unable to support the resolution.

3. Suggestions may be made (and we understand that the United States Delegation may make such a proposal) that the resolution be passed in its present form but accompanied by a statement in the record that nothing in the resolution is to be interpreted as conflicting with the principle that the basic criteria for dollar liberalization are the balance of payments position and the level of reserves. In that event you should say that you will of course refer this proposal to Ottawa. You should indicate however that the inclusion of any such declaration in the record would not make it possible for you to accept the resolution unchanged. You might explain that while apparently the objective of this interpretative statement is similar to that which we had in mind in our redrafting, it would seem quite unsatisfactory (and contradictory) merely to insert such a declaration in the Minutes while leaving the resolution itself in its present terms.

4. The result of all this may be that the resolution will pass with Canada in effect abstaining. If so we see no alternative to reconciling ourselves to such a situation since we are not prepared to participate in the sacrificing of the important principles involved.

DEA/4901-F-40

636.

Le représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council and OEEC to Secretary of State for External Affairs

TELEGRAM 1142

Paris, December 16, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Your telegrams No. 958 of December 8 and No. 968 of December 9. Repeat London No. 177; Washington No. 77.

The Council which was to have met on December 10, was postponed until December 21 in order to give the Chairman further time to secure agreement on the draft resolution CES/337. Yesterday Ellis-Rees and Lintott asked to see a member of the delegation to discuss our proposed amendments (your telegram No. 958).

2. In their view there is no chance that member countries will agree to our amendments. With regard to the preamble, the penultimate para of CES/337: "considering that such progress should not endanger the results already achieved in the liberalization of intra-European trade and payments" is a minimum condition for Euro-

pean countries. You will recall that they were anxious to get agreement that member countries considering the further relaxation of dollar import restrictions should take into account the effect of such relaxations on other member countries' EPU positions. This idea was watered down in the drafting group to the phrase: "taking due account of the objectives of European economic co-operation" in the third last paragraph.

3. In the last paragraph the wording to which we object, i.e. "recognizing that the speed with which further progress in the removal of restrictions on imports from the dollar area can be achieved depends also upon action taken by countries in that area to reduce barriers to trade..." is taken in substance from the Minister's statement of agreement on trade questions last July GMC(54)6, para. 4. It is therefore unlikely that any countries will agree to our amendment particularly when some countries, including the United Kingdom, consider that the most valuable parts of future studies will be those involving examinations of United States commercial policy.

4. Neither are the European countries, however much we may deplore the fact, likely to welcome your reference to their GATT and IMF obligations in the third last paragraph of your amendments to the preamble.

5. With regard to paragraph I(1), Ellis-Rees said that the working group draft contained carefully negotiated wording and member countries were likely to insist on retaining the words "economic" and "taking into account the objectives of European economic co-operation". Accordingly they are unlikely to accept our draft. They might agree to delete the word "more" in paragraph I (2a) although this is uncertain.

6. Thus, if we maintain our position and insist on our amendments, Ellis-Rees and Lintott consider that the resolution cannot be passed. We agree that this is almost certain to be the case. Although legally all OEEC resolutions can be passed without the consent of the associated countries, this resolution in its present form, in practice, could not be, as it involves the co-operation of the associated countries. If we do not agree to it the United States are also, we understand, unlikely to agree. Sir Hugh [Ellis-Rees] has not given much thought to possible alternatives. One possibility is that all study of dollar restrictions might be dropped. This, he thinks, would be unfortunate since the subject is so closely allied to convertibility. Another possibility is that all references to Canada might be deleted and the wording adjusted so as to make it acceptable to the United States and passed without our approval or participation in future studies. This result would be bound to have most unfortunate and uncomfortable repercussions on our position in OEEC.

7. We gave Ellis-Rees a full account of our thinking and instructions contained in your referenced telegrams, but we agreed to report his views to you. Since you sent your last telegram of instructions, you will have seen Washington telegram No. 976 of December 11[5] which describes the expedient which the United States Govern-

[5] Note marginale :/Marginal note:
Ottawa telegram 976 of December 11 repeated to Paris telegram WA-2066 of December 9 from Washington [Document 455]. We had obtained the substance of it by telephone before sending our telegram 968 to Paris [Document 451].

ment proposes to employ to meet their (and our) objections to the report. In view of the United States views as well as those expressed by the Chairman, you may wish to reconsider what degree of latitude you wish to give us in dealing with the resolution in view of the unfortunate alternatives.

9. Please let us have a reply before December 21.

[L.D.] WILGRESS

DEA/4901-F-40

637.

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-2109 Washington, December 17, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Telegram No. 77 of December 16 from Canac, Paris.

DOLLAR IMPORT RESTRICTIONS

As requested by Ritchie in a telephone conversation with LePan, we have shown the telegram under reference to Rasminsky and have asked his views on the instructions that you propose sending to our OEEC delegation.

2. Rasminsky said that he thought the attitudes of the European countries as revealed in the telegram from Paris reinforced the conclusion that we should stick to our guns. He hoped that our representative would be instructed to submit the Canadian re-draft of the resolution prepared by the Working Group. If (as seems virtually certain) it emerged that the opposition to it was overwhelming and there was wide support for the Working Group's resolution as amended, our representative, in Rasminsky's opinion, should then make a statement explaining that it would be impossible for Canada to vote for the resolution, but that we would, of course, try to cooperate so far as possible in supplying information for the proposed enquiries. In other words, Rasminsky agrees with the line you have suggested.

3. You will appreciate that there has not been much time for us to make new soundings into the United States position. However, since we were speaking to Thibodeaux and Frank on another subject at the State Department yesterday, we took the occasion to ask again about United States views. Apparently there has been no change; and the United States representative is still under instructions to vote for the Working Group's resolution as amended and to press in addition for an agreed interpretation. Frank said that he and other State Department officers responsible for commercial policy personally favoured the line taken by Canada. But he saw no chance of altering the instructions to the United States representa-

tive, which had been arrived at as a compromise between various views within the State Department and in the Foreign Operations Agency.

A.D.P. HEENEY

638. DEA/4901-F-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council and OEEC

TELEGRAM 1006 Ottawa, December 17, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Your telegram No. 1142 of December 16.
Repeat London No. 1957; Washington EX-2366.

DOLLAR IMPORT RESTRICTIONS

Your message has now been discussed at the Deputy Minister level with the Departments of Finance and Trade and Commerce. We have also sought the views of Rasminsky who is in Washington and his comments are reported in telegram WA-2109 which is being repeated to you. Subject to any additional comments which may emerge from the further consideration of this matter inter-departmentally on Monday, you should be guided at the meeting on December 21 by the views expressed below.

2. The description in your paragraph 2 of the origins of the reference to "the objectives of European Economic Cooperation" would not seem to explain why more emphasis was not given in the draft resolution to what was declared originally to be a principal objective of OEEC nâmely the development of a multilateral system of trade and payments on a world wide basis.

3. The reference in your paragraph 3 to the extract from the Ministerial Statement of July would not seem to take account of the fact that the observations in that Statement were in quite a different context and had a substantially different connotation. In any event our unwillingness to see a linking of the matters dealt with in the present resolution has been made apparent on numerous occasions in the past and we do not see how we could fairly be charged with inconsistency or with any reversal of our previous attitude.

4. The very fact that the European countries, as suggested in your paragraph 4, are not likely to welcome a reference to their GATT and IMF obligations would seem to us to confirm our worries about the atmosphere in which the subject of dollar restrictions is being discussed by them and would appear to make it all the more important that we should press for a reaffirmation (or at least attempt to avoid a denial) of these undertakings.

5. Regarding your paragraph 5, we would naturally hope that the OEEC members would agree to the deletion of the word "more" but we would emphasize that,

while we regarded this as a point of some importance, as indicated in our earlier telegram, we would not consider this change as being as essential as the other alterations which we had proposed.

6. In connection with the views reported in your paragraph 6, we are not as worried as Ellis-Rees appears to be at the possibility that studies of dollar restrictions might not be carried forward under OEEC auspices and that the cause of convertibility might thereby suffer. Even if (or, possibly, especially if) OEEC were not to be particularly active in this field, these matters would of course continue to be considered by the GATT and the Fund in the terms prescribed in those international agreements.

7. With reference to your paragraph 7, when we sent off our earlier message we were already familiar with the general lines of the "expedient" proposed by the United States. We still find that device unsatisfactory and contradictory.

8. In brief, our present very strong view is not to agree to a resolution which would imply that the liberalization of dollar import restrictions by member countries (particularly those which are also members of the GATT and IMF) should be made conditional or dependent on the commercial policies of the North American countries or on the avoidance of any significant disturbance of the present pattern of intra-European trade. In holding to this position we are not merely being purists. We are certainly not underrating the importance or urgency of an improvement in U.S. commercial policies. We are also not moved by any reluctance to have our own policies examined critically. We are, however, genuinely worried by the use which might be made of the principles involved in this resolution in subsequent discussions in the OEEC, in the consideration of related matters in broader bodies such as the GATT and the Fund as well as in any bilateral talks which we may have with individual European countries. Our conclusions therefore are that:

(a) You should present the re-draft proposed in our earlier message as representing the minimum changes which we consider necessary;

(b) Other Delegations should be given an opportunity to explain in what respects they find these changes illogical or unreasonable;

(c) If, following such an airing of our views, it is evident that all other countries in the OEEC are determined to adopt the original version of the resolution, you should make it clear that:

(i) the Canadian Delegation, representing an Associated country, would not, of course, stand in the way of the passage of a resolution favoured by member countries (even though that resolution may contain a reference to Canada);

(ii) while not associating ourselves with the resolution we would wish to be as helpful as possible in connection with any studies or discussions which might be undertaken (including the provision of such information as may be desired concerning our own commercial policies and practices).

9. We would thus in effect be dissociating ourselves from the resolution while at the same time indicating our desire not to be uncooperative.

10. If the U.S. Delegation proposes the adoption of an interpretative statement for inclusion in the record, along the lines foreshadowed by our Washington Embassy,

you might indicate that we are in agreement with the substance of it, but we do not consider it an adequate substitute for a revision of the quite different views expressed in the resolution itself.

11. If there would be any chance that the OEEC might prefer to avoid the issue by dispensing with the preamble entirely and removing the related language in the first recommendation, that would, of course, be a possibility worth considering as an alternative to a re-draft of those sections.

J[ULES] LÉGER

639.

DEA/4901-F-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council and OEEC to Secretary of State for External Affairs

TELEGRAM 1166

Paris, December 23, 1954

CONFIDENTIAL

Reference: Your telegram No. 1007 of December 17.
Repeat London No. 179; Washington No. 82.

DOLLAR IMPORT RESTRICTIONS

Following are texts of two statements which we made at the OEEC Council, December 22, in connection with the debate on dollar import restrictions — C(54)280; CES 340:

First Statement

Mr. Chairman,

When we last discussed the question of dollar import restrictions at the meeting of the Council on December 14, the Canadian delegation proposed as a basis for discussion two alternative draft resolutions to the one contained in CES 337 — the earlier draft of CES 340 — which we now have before us. You said at that time, Mr. Chairman, that these two proposed resolutions might be discussed at this meeting. However, in view of the considerable progress that has been made on the basis of the draft prepared by the working group, we have considered it to be more helpful not to press for a discussion on our two previous proposals.

Instead, our authorities in Ottawa have drawn up a number of amendments to CES 340 which would make this resolution acceptable to the Canadian Government. These amendments were put on delegates' desks yesterday afternoon.

I assume, Mr. Chairman, that all delegates to the Council have had these amendments. I assume also that, in view of the long discussions we have had on this subject during which the Canadian view has been made known, (I would refer in

particular to the record of the last two Council meetings), it will not be necessary for me to explain in detail why we have proposed these amendments.

I must, however, inform the Council that the Canadian Government attaches great importance to the principles involved in them. We consider that the draft resolution contained in CES 340 as it now stands contains derogations from principles long established in the GATT and the IMF. As we are full members of those organizations, we should not consider that we could justifiably accept derogations from our commitments to them in this organization even if we were convinced that the IMF and GATT rules were wrong or inadequate. We find it difficult to understand how other member countries can feel that it is appropriate to insert derogations and modifications of GATT and IMF rules in a regional resolution without reference to those prior commitments.

Quite apart from the question of the appropriateness of this procedure, the Canadian Government is convinced that the principles contained in the GATT and IMF rules with respect to the removal of QRs are the right ones. We consider that QRs should be removed as soon as balance of payments positions permit in the interests of the countries which still maintain them. At the last Council meeting we explained the reasons for this view and why, in the present circumstances, we feel that the attempt to link the removal of QRs to dollar commercial policy is likely to have unfortunate effects on commercial policy in North America and may have adverse results in Europe.

I do not, however, wish to go again into the substance of this question. I must, however, say, Mr. Chairman, that the Canadian Government will not be able to give its approval to the resolution as it now appears in CES 340. The amendments which we have suggested or some similar wording which takes account of our commitments in other organizations represent the minimum changes which my government considers necessary if we are to give our approval.

I should be grateful, therefore, Mr. Chairman, if these amendments might be discussed in conjunction with CES 340.

Second Statement

Mr. Chairman, I appreciate your willingness to permit discussion on the Canadian amendment and I, of course, agree with your summing up. We are, it appears, faced with what we regard as a most unfortunate situation. We, for our part feel unable to accept derogations from our prior commitments in other organizations and so cannot give approval to the resolution in CES 340; other member and associated countries have other views on this matter and it appears quite evident that if we are forced to give approval to the principles involved in CES 340, unless it is amended, the Council may not wish to pass the resolution in its present form — involving, as it does, Canadian participation.

With regard to the entry into the minutes proposed by the United States delegate, we are, of course, in agreement with the principles of what it contains. We do not, however, agree that it provides a satisfactory or adequate expedient for dealing with the points at issue in the resolution. I am sorry to have to inform you, Mr. Chairman, that we cannot follow this "way out of the woods".

I am instructed, however, Mr. Chairman, to tell the Council that the Canadian Government is most anxious that its position on this problem should not be interpreted as an indication that we are not prepared to co-operate in this organization in its work on dollar import restrictions. We are not able to vote in favour of the resolution, but if it is the wish of the members with full voting rights that this resolution should be adopted, the Canadian delegation will not stand in the way of its adoption merely because it contains a reference to Canada. While not associating ourselves with the resolution, we would wish to be as helpful as possible in connection with any studies or discussions which may be undertaken and we would be prepared to provide such information as may be desired concerning our own commercial policies and practices.

I hope this method of dealing with these difficulties of my government may, in the circumstances, prove an acceptable one. It is put forward in a spirit of compromise — indeed almost with Christmas spirit — a spirit of compromise which holds strongly to the desirability of maintaining our close relations in the North Atlantic area.

640.

DEA/4901-F-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council and OEEC to Secretary of State for External Affairs

TELEGRAM 1167

Paris, December 23, 1954

CONFIDENTIAL

Reference: Your telegram No. 1007 of December 17;[6] our telegram No. 1166 of December 23 (London No. 179, Washington No. 82).
Repeat London No. 180, Washington No. 83.

DOLLAR IMPORT RESTRICTIONS

Following is the text of the draft recommendation of the council concerning the relaxation of QRs on imports from the dollar area which was discussed at the OEEC council, December 22. The document is in the series CES340 of December 20. This recommendation was agreed by council subject to minor amendments mentioned in our immediately following telegram.

Text Begins:

"The council

Having regard to Article 13 (c) of the convention for European economic co-operation of 16th April, 1948;

Having regard to the resolution of the council of 6th May, 1954, concerning the relaxation of quantitative restrictions on imports from the dollar area (C(54)130);

[6] Voir/See Document 637.

Considering the report of the Joint Trade and Intra-European Payments Committee of 25th October, 1954 on the relaxation of quantitative restrictions on imports from the dollar area (C(54)280) the comments of the Economic Committee thereon (C(54)288), and the proposals submitted by the United States delegation (C(54)299),

Considering that it is in the interest of member countries, to the extent that circumstances permit and taking due account of the objectives of European economic co-operation, to make further efforts to reduce quantitative restrictions on imports of goods (and restrictions on invisible transactions and transfers) from the United States and Canada and from non-member countries of the organization with a view to achieving a sound and balanced multilateral trading system on a world-wide basis;

Considering, however, that such progress should not endanger the results already achieved in the liberalisation of intra-European trade and payments;

*Recognising that the speed with which the advance in the removal of restrictions on imports from the dollar area can be achieved, must depend both upon action taken by countries in the dollar area and on developments in the balance of payments situation of member countries; desirous, therefore, to ensure close co-operation with the United States and Canada in this matter;

I. RECOMMENDS:

1. Member countries should continue individually their efforts to reduce, each to the extent that its economic and financial situation permits and taking into account the objectives of European economic co-operation, quantitative restrictions on imports of goods (and restrictions on invisible transactions and transfers) from the United States and Canada.

2. The associated countries should:

(a) Likewise continue their efforts to ensure a more liberal policy in their commercial relations with member countries, thereby facilitating the efforts of member countries to relax their quantitative restrictions on imports from the United States and Canada; and

(b) keep the organization regularly informed of measures which they have taken in this field and of their programmes and policies for further progress.

II. DECIDES:

3. Member countries shall inform the organization of any new measures which they take regarding the quantitative restrictions of imports of goods (and restrictions on invisible transactions and transfers) from the United States and Canada and, in particular, of any change in the lists of goods which may be imported without restriction from these countries.

*_Alternative text suggested by the United States Delegation._

Recognising that the speed with which further sustained progress in the removal of restrictions on imports from the dollar area can be achieved would be facilitated by action taken by countries in that area to reduce barriers to trade; desirous, therefore, to ensure close co-operation with the United States and Canada in this matter;

4.(a) The organization shall undertake, at intervals to be determined later, an examination of the problem of such restrictions vis-à-vis the United States and Canada so that a report thereon may be made to the council;

(b) The examination shall include:

(i) A study of the progress achieved by each member country in the removal on such restrictions vis-à-vis the United States and Canada and of the difficulties encountered in their removal, the effects thereof, and the obstacles to further sustained progress;

(ii) A study, to the fullest extent possible, of the effects of such liberalisation of intra-European trade and on the trade and payments position of member countries with the United States, and Canada as well as with the E.P.U. area;

(iii) A study, within the framework of the general situation, of the effects of action taken by associated countries; and

(iv) An analysis on the basis of these studies, of the extent to which further liberalisation of imports of goods (and restrictions on invisible transactions and transfers) from the United States and Canada is possible.

(c) In the conduct of these studies and analysis, the considerations affecting each of the three main groups of commodities, i.e. food and feeding-stuffs, raw materials, and manufactured goods, should be presented to the fullest extent possible.

5.(a) The Executive Committee shall decide which body of the organization shall undertake the examination provided for in paragraph 4 and shall arrange that a report on the results of the first examination shall be submitted to the Council not later than 30th June 1955.

(b) The Joint Trade and intra-European Payments Committee shall, in due course, propose to the Council a questionnaire which should be sent to member countries in order to provide material for the examination referred to in paragraph 4. In drawing it up, the Committee may take into consideration, *inter alia*, the suggestions made by the United States delegation in Annex B to document C(54)299.

Draft entry in the minutes of the Council

The Council agreed that the study envisaged in paragraph 4 (a) of the recommendation on the relaxation of quantitative restrictions on imports from the dollar area should not take the form of a "negative list exercise" of the type undertaken by the Steering Board for Trade in connection with the extension of intra-European liberalisation of trade". Text ends.

641. DEA/4901-F-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council and OEEC to Secretary of State for External Affairs

TELEGRAM 1168 Paris, December 23, 1954

CONFIDENTIAL

Reference: Your telegram No. 1007 of December 17; our telegram No. 1166 of December 23 (London No. 179, Washington No. 82) and our telegram No. 1167 of December 23 (London No. 180, Washington No. 83).
Repeat London No. 181; Washington No. 84.

DOLLAR IMPORT RESTRICTIONS

Following careful preparation by the chairman during the past two weeks, the OEEC council again discussed the draft recommendation concerning the relaxation of QRs on imports from the dollar area on December 22. As a basis for discussion it had a clean draft of CES 337 under the new CES 340 sent to you in our immediately preceding telegram.

2. The chairman had secure agreement on most of the points on which there had been reserves at the previous meeting of the council (see our telegram No. 1095 of December 4). The solutions to these points which had been left open are contained in CES 340 and it only remained at the council meeting to secure formal acceptance of them.

3. It was agreed that the resolution should apply not only to the relaxation of QRs on imports from the dollar area, but also to restrictions on "invisible transactions and transfers". Therefore, the brackets around this phrase disappeared in the final draft and the title of the recommendation has been altered to include the phrase, "and invisibles on transactions and transfers" after imports. It is understood that associate countries will also provide information on their policies with regard to invisibles.

4. Although at the request of the United States delegation this understanding is not stated explicitly, the word "trade" in para 2(a) was altered to "commerce" in order to imply the study of invisibles as well as of visibles. This was agreeable to the United States delegation. The Swiss delegate requested that the IMF be associated with the work on invisibles and this was agreed.

5. The Turks and Greeks had been insisting on a modification to para I (1) which would have rendered it inapplicable for dollar commodities whose production and export had been subject to subsidy. The United States delegation could not accept this modification. Consequently the Turks and the Greeks agreed to accept the original draft if it were understood that the phrase, "and taking into account the objectives of European economic co-operation", be understood to take account of the subsidies problem and in addition, if the United States and Canada were prepared

to have a full discussion of the problem during the future examinations. The United States agreed to this expedient.

6. With these lesser problems out of the way, the chairman then asked us to introduce our amendments which had previously been circulated (your telegram No. 958 of December 8). We introduced the amendments in a statement sent to you under telegram 1166 of December 23.

7. The United States delegate responded by proposing the following entry in the council minutes:

"The council resolution on dollar liberalization, C(54) ... does not involve a modification of existing obligations arising under international agreements for those members who have subscribed such agreements, and in particular the General Agreement on Tariffs and Trade, nor does it prejudice any revision of these agreements that may be agreed to in the future".

8. Although the United States would have been prepared to accept this entry as a United States interpretation, they, of course, hoped that all member countries would subscribe to it. The United States delegate said that although they agreed in principle with the Canadian amendments, they were also prepared to approve the draft in CES 340 with their interpretation in the minutes.

9. The Norwegian delegate said that his government did not regard the OEEC resolution as a derogation to their obligations in the IMF and GATT. They intended to live up fully to those obligations. They envisaged the OEEC exercise as a means of achieving the full application of GATT and IMF rules. They were prepared to subscribe to the United States interpretation although they hoped, however, that it would not be necessary to amend the agreed text of the resolution.

10. The Italian delegate spoke in similar terms. He said it was not the Italian intention to derogate from IMF and GATT principles.

11. The Belgian delegate spoke more forcibly about our amendments. In essence, he said that it was impossible for his delegation to accept them. The Swiss delegate also indicated his disapproval and commented that our draft would result in their being no mention of European economic co-operation.

12. In view of the complete lack of support for our amendments and in accordance with your instructions, we made another statement (text sent in our telegram No. 1166 of December 23). Our remarks were welcomed by the council as they paved the way for the adoption of the resolution which was duly carried out.

13. Following the adoption, the United States delegate intervened again and referred to the fact that there had been no objection to his proposed entry in the minutes. From this he assumed that all countries were in agreement with it. There was no objection. According to the rules of the organization, if there is no objection to such an entry in the minutes, it is assumed to be universally acceptable. Although the chairman did not say this explicitly, this fact nevertheless remains.

14. In making his last statement the United States representative said he was concerned about the Canadian position as we stated our view that the resolution at certain points involved a derogation of principles long established in the GATT and the fund. He wondered, whether, since his draft entry in the minutes had been

acceptable to all other delegations, we could not also agree to it. He thought there might be difficulties in Washington if, though all countries agreed that the resolution did not involve a modification of GATT and IMF obligations, the Canadian Government insisted that it did, and consequently reserved his position until the point was settled.

15. In answer to one or two enquiries, the chairman made it clear that the exercise would not begin until the United States was in, and said that if the United States and Canadian points of view could not be reconciled, the question would have to come before the council again.

16. You will see that this put us in a rather difficult position. We stated at the council that while we could not agree under present instructions to modify our interpretation of the resolution, we welcomed the indication that all OEEC members agreed that it did not involve a modification of other existing obligations. This did not appear to satisfy the United States delegate and the matter had to be left open. It was agreed that we and the United States should discuss the draft entry in the minutes during the first week of January.

17. You will appreciate that if we accept fully the entry in the minutes, we shall have undermined our objections of principle on the resolution. In fact, we should almost reach the stage where we might accept the resolution with the interpretation. If we merely welcome the agreement of other countries, we may not meet the difficulties of the United States delegation.

18. We should be grateful to have at least your preliminary views before January 3, when we shall have to discuss the matter again with the United States delegation.

SUBDIVISION II/SUB-SECTION II
CONVERTIBILITÉ
CONVERTIBILITY

642. DEA/4901-Q-40

La délégation permanente auprès du Conseil de l'Atlantique Nord et l'OECE au sous-secrétaire d'État aux Affaires extérieures

Permanent Delegation to North Atlantic Council and OEEC to Under-Secretary of State for External Affairs

LETTER No. 1737 Paris, June 4, 1954

CONFIDENTIAL

Reference: Our Letter No. 1452 of May 11; (C(54)131).†

OEEC MINISTERIAL GROUP ON PROBLEMS OF CONVERTIBILITY; THE FUTURE OF OEEC

During a talk with Cahan of the OEEC Secretariat yesterday we enquired about preparation for the "Ministerial Examination Group" which the Council agreed to

set up (C(54)131) in order to examine the different problems which will arise if a number of Member countries re-establish convertibility. A definite date for the Ministerial meeting in London has not yet been set, however, that the Alternates will meet in Paris on June 16th to prepare for the Ministerial Meeting.

2. One of the terms of reference (para 3 (b) of C(54)131) instructs the Working Group to examine:

"What suggestions should be made to Member Countries and Associate Countries concerning the arrangements to be envisaged for international cooperation in both the financial and commercial fields, if a number of Member Countries establish convertibility".

3. These terms of reference in effect raise the question of the future of OEEC and the appropriate international organization to undertake responsibility for trade and financial consultation during the period of limited convertibility and afterwards.[7]

4. You will have seen the paper entitled "International Organizations", one of five which were recently given by the U.K. to the U.S. Government in connection with proposed talks at the official level on the move to convertibility. Copies of these papers were attached to Leslie Rowan's letter of May 3rd to Ken Taylor.† This paper sets forth the view agreed at the Commonwealth Conference that a Joint IMF/GATT Advisory Group be established "to provide a continuing forum where the world economic situation and also the problems arising in the movement to freer trade and currencies for particular countries would be kept under review and constructively discussed." The U.K. paper then asks the U.S. Administration whether it:

(a) agrees with the objectives which the Commonwealth had in mind in proposing the IMF/GATT Advisory Group

(b) agrees that the proposed mechanism would be the best for securing these objectives, or

(c) can suggest alternative methods of securing the agreed objectives.

5. In the consideration of these questions which will probably be presented in some appropriate form to the Ministers' Working Group, the fate of OEEC as a useful economic organization will have to be decided. Although, to our knowledge there has not been very much definitive thinking on the future of OEEC in the Secretariat or in the main Delegations, you will be aware that there is strong feeling in OEEC circles that some form of European economic cooperation should continue after the major currencies become convertible. These circles consider that the OEEC organization, with its facilities for discussing trade and financial matters in restricted high level boards (i.e. the Managing Board of EPU and the Steering Board for Trade) under the umbrella of a Council which has proved capable of taking decisions, has been extremely successful. This is also our view.

6. At the Ministers' Working Group two questions will probably arise: whether OEEC can usefully continue after some currencies become convertible if an

[7] Note marginale :/Marginal note:
Does this mean the long run arrangements. Presumably Yes? [Auteur inconnu/Author unidentified]

IMF/GATT Advisory Board should be established, or whether a modified OEEC might be a more appropriate body to provide facilities for consultation during the move to full convertibility[8] and perhaps afterward.

7. The first question — whether OEEC can continue to provide a forum for high-level consultation on trade and financial questions if an IMF/GATT Board were established — can be answered quickly and in the negative. It would, in our opinion, be unrealistic to suppose that two bodies — whose restricted committees would have largely the same membership could usefully consult on the same problems. OEEC might continue to exist as an umbrella for EPA, and the work of the vertical committees but this would appear doubtful, and, in our view, unnecessary.

8. The next question involves a choice between the advantages and disadvantages of an IMF/GATT Advisory Board and a Modified OEEC as the appropriate body for economic consultation after a measure of convertibility is achieved. We propose here to set out our preliminary views on the factors involved in such a choice.

Factors Involved in an "OEEC Solution"

1. The OEEC at present deals with financial and trade problems in the restricted Managing Board of EPU and the Steering Board for Trade. These two boards, which are composed generally of senior officials closely concerned with the administration of external policy in their capitals, meet each month in Paris. The boards prepare decisions which, after being vetted by committees of OEEC on which all members are represented, are put up to the Council for final approval. This organization of work has proved extremely successful and directly and indirectly has a profound influence on the economic policies of member countries. The contacts and experience which have been developed during the discussion of mainly regional questions could probably, and indeed is being developed to provide equally successful consideration of the broader problems posed by convertibility.

2. The United States and Canada, as associate members, have developed a close working relationship with the OEEC. Continued associate membership with European countries during the move toward convertibility might prove the most easily manageable relationship with these countries. On the other hand, if necessary, Canada and the United States might accept full membership — thus giving a North Atlantic flavour to the organization.

3. The expansion of OEEC into a North Atlantic Organization might be accomplished without entering into the lengthy negotiations that would probably be necessary if the rules and constitution of the IMF and GATT had to be altered. If the IMF and GATT were not altered, there would be no assurance that the decisions of these bodies would be coordinated. An intermediate Advisory Board of IMF and GATT might create more confusion than coordination since its advice on closely linked subjects might be given different interpretation and action in the different bodies.

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[8] Note marginale :/Marginal note:
The interim period. [Auteur inconnu/Author unidentified]

4. An Organization for North Atlantic Economic Cooperation would fulfil the requirements of Article 2 of the North Atlantic Treaty. It would provide a continuing organization for carrying out the economic work of NATO (which is now being done in OEEC but which would have to be taken over by NATO if the OEEC ceased to exist). Even more important, it would provide an organization for economic consultation and decision in case of emergency. At present there is no body which could do this adequately.

5. An Organization for North Atlantic Economic Cooperation (ONEAC) need not, and in our view should not, be subject to NATO although it should give that Organization full cooperation on matters of concern to it. They should be separate Organizations dealing with separate terms of reference. Too close a relationship with NATO would be undesirable because of the difficulty it would create for countries such as Switzerland and Sweden (and perhaps even Germany) which are not members of NATO. In addition, too close a relationship with NATO would probably make ONEAC more suspect in the eyes of countries outside the North Atlantic area and render essential cooperation with these countries more difficult.

6. One drawback of a North Atlantic Organization would be its limited regional character. This, however, is a political rather than a practical drawback. The Sterling Area would be adequately represented by the U.K., particularly as the members recognize that the responsibility for management of the Sterling Area rests with the U.K.; the Dollar Area would be represented by the U.S. and Canada; the former EPU area and territories would be included or represented; the rest of the world could be represented through close association with the GATT and the Fund. If necessary, the more important countries outside the North Atlantic area might become associate members and have missions accredited to the organization, but it might be assumed that they would not normally participate in decisions.

7. The terms of reference of an Organization for North Atlantic Economic Cooperation in the transitional period of limited convertibility (which can be expected to continue for a considerable period of time) could bear a relationship to the GATT and IMF similar to the relationship between OEEC and those bodies. The "ONAEC" could carry out the detailed negotiations and decisions necessary on the path toward full convertibility under the cover of a general waiver from the GATT and IMF. If this were done, the GATT and IMF need not compromise their constitutions in order to meet the needs of limited convertibility, and could maintain their principles as the ultimate objectives not only of themselves but also of ONAEC. ONAEC, on the other hand, could approach the solution of problems on an empirical basis.

8. If the methods proposed above were adopted, a body of experience could be built up on the working of an OEEC type of organization — combining consultation on trade and finance in a convertible world. If the experience were successful, a reorganization of GATT and IMF might be facilitated at some future date, if this were found to be desirable.

9. The main disadvantages to a North Atlantic solution are political. Some important countries in the Western World would not be directly represented, and would probably not welcome their exclusion. Practical cooperation with these countries could be assured, however, by means of associate membership or by their representation through a member of their monetary area and close association with GATT and IMF. *An important advantage of a North Atlantic solution is that it could be put into effect without raising all the issues, including membership, connected with the formation of a new organization.* It could be represented merely as a continuation of an old organization with a gradual addition to its terms of reference.

Factors Involved in IMF/GATT Solution

1. The advantages of the IMF/GATT Advisory Board solution would appear to be largely political. Such a solution would enable the main countries in all areas of the Western World to be included in the Board. This might have its disadvantages as well:

(a) Assuming the headquarters of the Advisory Board were set up in Europe, the distance between outlying capitals such as New Delhi and Canberra would make it difficult, if not impossible, for such Governments to provide the same type of representation as the North Atlantic Countries (i.e. Experts closely associated with the administration of their Government's foreign economic policy).

(b) The "common denominator" of agreement would probably be much lower if countries outside the North Atlantic area were included.

(c) NATO economic work would have to be undertaken in that Organization by expanding the Secretariat and Delegations.

2. There might be serious drawbacks to an IMF/GATT Advisory Board. The advice that would be given would be the advice of only a few countries. The decisions which would have to be taken would occur in two widely separated bodies which have not cooperated well in the past. In both of these widely separated bodies, the representatives of the smaller countries might differ substantially on many issues. This is a difficulty which has been well handled in OEEC.

3. An essential element in the success of OEEC has been the close association of the smaller countries with the Secretariat and members of the restricted boards. Through this close association, their views can be made known before the Board's proposals are drawn up in final form. In addition, the Board's proposals are always vetted by subordinate committees on which all Member countries are represented. This permits compromises on the spot with the help of the same Secretariat which has drafted the resolutions. Finally, in the Council, the smaller countries have often agreed to majority decisions (a unanimous decision is required) when they have represented only a small minority because of the spirit of compromise which has been developed in the OEEC Council.

4. This system of information, close contact, and compromise would be practically impossible if an Advisory Board were separated from the delegations of smaller countries and if the delegations of these countries to the IMF and GATT continue to be separated by the Atlantic Ocean. The conclusion one is forced to

is that an IMF/GATT Advisory Board might create more rather than less confusion unless it operated in extraordinarily favourable circumstances.

5. We do not wish to imply that an IMF/GATT Advisory Board could not be set up or that it could not provide a focus for useful co-ordination among the more important countries of the West. It would, however, appear to be a not-very-happy ad hoc attempt to make a bad experiment work (i.e. the separation of the Trade and Monetary organizations). A North Atlantic solution, on the other hand, would, on the face of it, represent the reinforcement of success — for the OEEC has been an outstanding success.

9. We have put these preliminary views to you because you will, no doubt, have to give further consideration to the problem of economic organization in the near future. We have not discussed these views to any great extent, but they represent a feeling which we have had for some time that the alternatives (of which we have discussed only one) to the IMF/GATT solution should be fully aired before a decision is taken. As we have pointed out, there will be an important discussion of this question at the Ministers' Working Group. Consequently, preliminary Canadian consideration of the issues we have discussed might be helpful before their first meeting in July.

10. We should be grateful for your comments.

L.D. WILGRESS

643.

DEA/4901-F-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council and OEEC to Secretary of State for External Affairs

TELEGRAM 469

Paris, June 18, 1954

SECRET

Reference: Our letter No. 1737 of June 4; C(54)131; GMC(54)1 and 2.
Repeat London No. 69; Washington No. 36.

ALTERNATES OF OEEC MINISTERIAL GROUP ON CONVERTIBILITY

The alternates of the OEEC Ministerial Examination Group have, during the past three days, held a most useful confrontation of views on the three categories of convertibility problems outlined in the United Kingdom memorandum (GMC(54)1): i.e. trade, finance, international organization. No commitments have been made, but the discussion has clarified and pointed up a limited number of specific questions for consideration by the Ministerial Group when it meets in London on July 16. It is hoped that the Ministers can take an agreed line on these questions in order to provide direction for the more detailed discussions by the alternates which will continue during the summer.

2. Because of the close inter-connection of the trade, finance and organization issues, it is important to take account of the interdependence of country positions on each of the three categories of problems. We shall discuss them first separately and then indicate the issues which will have to be considered by the Ministers.

International Organization

3. Rowan in introducing the debate on this subject said that the United Kingdom had three general objectives in presenting the preliminary ideas for the international organizations required after a move toward convertibility (Chapter 4, GMC(54)1). *First*, they wished to work through existing organizations. *Second*, problems of trade, finance and internal policy should be considered together. ("It was one of the major lessons of post war economics that problems of trade and finance cannot be dealt with separately"). *Third*, the cases of debtor and creditor countries should be considered together. It had been a deficiency of most organizations that they had often been considered separately — thus giving rise to partial solutions instead of full multilateral solutions.

4. These considerations had led the United Kingdom to suggest the IMF/GATT Advisory Board. On the other hand, Rowan added it was "extremely important" that what had been built up in OEEC should be maintained. It was difficult to envisage exactly what OEEC would do in the post convertible period, but countries should approach it with the "belief" that it would continue even though the nature of its work might change.

5. The continental reaction to the United Kingdom proposals was closely in line with the alternative which we set out in our letter No. 1737 and GMC(54)2. All the continental representatives were in agreement with the United Kingdom objectives but none felt that the IMF/GATT Advisory Board solution would achieve them. Ockrent (Benelux), Bauer (Switzerland) and Cattani (Italy) were the principal spokesmen for an alternative OEEC solution and they gained the uncommitted support of all the continental representatives. Their view is based on two tenets: (1) The European co-operation and methods of work established in OEEC should continue, (2) The problems of convertibility can only be solved in an organization composed of "like minded" countries with a will to co-operate. They have in mind the OEEC area plus Canada and the United States plus the Commonwealth.

6. Although no single precise organization was put forward by all the continentals, the best consolidation of their views might be: a continuation of OEEC with Canada and the United States as full members or (to meet the difficulties of full membership of the United States) a continuation of associate membership with close co-operation in decisions. Ockrent's view is that some of the more important Commonwealth countries might join as associate members.

7. Ockrent feels, and we believe he has considerable support for this view, that the expanded OEEC should have considerable powers of decision both with regard to trade and particularly with regard to financial matters.

8. Calvet (France) was the only continental representative who said that he was "not hostile" to the IMF/GATT bridge group but he too spoke in favour of an OEEC solution. He and others emphasized the change in the relations between OEEC and the associated countries since the end of Marshall Aid. Canada and the

United States — but of course particularly the United States — had in effect participated in all major OEEC decisions and no decision of importance had been taken without their concurrence.

9. Martin (United States) was very reserved in his statements on the question of organization, merely expressing appreciation for the work of OEEC and the United States wish that it should continue. He reserved position on the IMF/GATT group. In private, however, the United States delegation, although without instructions, were most concerned over the European efforts to denigrate the GATT and the Fund and subsume some of their powers.

10. After hearing the continental views, Rowan in rebuttal emphasized some of the drawbacks of an OEEC solution: the world wide system implied by a move to convertibility required a world wide organization and rules of universal application. Outside countries would not be prepared to accept direction from the North Atlantic area. The United States must be brought in as a full member of any organization supervising convertibility. The United States was already a member of the GATT and the Fund; it was unlikely that she would become a full member of OEEC. An extension of OEEC as envisaged by the continentals implied a revision of the OEEC Convention which would in effect provide all the difficulties of setting up a new institution, the avoidance of which was a prime objective of United Kingdom policy. (Marjolin and others denied that the Convention need be altered — insisting that all that was required was the will to co-operate in the North Atlantic context).

11. The two alternatives views held by the United States, United Kingdom on the one hand and the continental countries on the other will be put to the Ministers. We understand that the United Kingdom do not intend to insist on an IMF/GATT group as a rigid alternative to an OEEC solution but they hold strongly to their view that the IMF and the GATT must continue to be the main repositories of decision.

12. Although there are obviously serious drawbacks as well as advantages to both solutions, we have come to the view that the practical objections and difficulties raised by an OEEC solution of the type envisaged by Ockrent whereby OEEC would assume some of the powers of GATT and the Fund are much greater than those raised by the alternative of trying by some means to improve the co-ordination of the Fund and the GATT. It may be, however, that OEEC can continue to provide a useful forum for regional problems though with substantially less powers over finance and perhaps trade than it exerts at present.

13. Our following telegram deals with the discussions on trade and finance.

644. DEA/4901-F-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council and OEEC to Secretary of State for External Affairs

TELEGRAM 473 Paris, June 18, 1954

SECRET

Reference: Our telegram No. 469 of June 17.
Repeat London No. 70; Washington No. 37.

ALTERNATES OF OEEC MINISTERIAL GROUP ON CONVERTIBILITY

Trade Rules Chapter 2 GMC(54)1

Rowan introduced chapter 2 of the United Kingdom memorandum with a reassurance (which has been repeated many times in the past 18 months) that the United Kingdom did not seek convertibility as an end in itself but as a vehicle for increased trade. The pattern might be altered but the level should be higher. He emphasized the universality of the United Kingdom approach; in order to draw the full benefits from convertibility, trading blocks and bilateral arrangements must disappear.

2. The original United Kingdom views on procedure regarding trade rules had been that they should not be drawn up definitively until convertibility had been in operation for a period of a year. After a closer examination of the problems involved and in view of the substantial progress which had been made in the past 18 months since the United Kingdom proposals were first put forward, they now felt that the opportunity provided by the GATT review this year, to set up revised world trade rules, should not be lost. Provided there was a will to operate GATT rules, the United Kingdom felt that they could provide a reasonable basis for detailed trade rules. These might be agreed before or contemporaneously with the move to convertibility.

3. After agreeing to the new trade rules in GATT, the United Kingdom now envisages a trial period or a period of grace of perhaps one year during which countries would move toward the full application of the rules. After the period of grace they should be applied fully, and on a non-discrimination basis, subject to limited escape provisions.

4. The OEEC relationship to this arrangement as seen by the United Kingdom is that the OEEC liberalization code should be maintained as a "bridge" during the period of grace in order to ensure that convertibility does not introduce a new series of QRs, discrimination and bilateral arrangements in Europe. At the end of the period of grace the OEEC code would be subsumed into the GATT.

5. Referring to para 10 of GMC(54)1, Rowan said it was the United Kingdom view that discrimination against dollar goods would tend to break down under the weight of economic factors after convertibility and it was important that as much

progress as possible should be made in the elimination of discrimination before the move to convertibility; this would lessen the shock. (Rowan's view is based on the simple analysis that if convertible or non-convertible countries have to pay in convertible currencies for imports, it is to their advantage to permit their purchase in the cheapest markets without discrimination. Special arrangements — perhaps a retreat from European liberalization — might be necessary in cases where there is a wide gap in price between European and North American products and excessive import demand at the lower North American price). The United Kingdom envisages that, after the transitional period, countries would either have to remove all discrimination or justify its retention.

6. The United Kingdom hold strongly to their view that in an emergency, countries should have the right to apply QRS and justify them later. It is their hope, however, that discussions on developing emergency situations might provide solutions which would avert the necessity to apply QRS.

7. Calvet (France), although admitting that the United Kingdom objectives of enlarging the trading area were shared by France, indicated that France was very worried about the implications of convertibility for European liberalization. Without adequate credit arrangements the countries which were unable to make their currencies convertible might be forced to revert to bilateral arrangements. There was a real danger that the split between convertibles and non-convertibles in Europe would develop in this way. When pressed, Calvet expressed the view that the non-convertibles would require credit arrangements which were at least on a par with those now available in EPU. This may represent France's bargaining counter for her agreement to continue the OEEC liberalization code in the transitional period.

8. Calvet had clearly not thought through the future relations with the dollar area which he felt would be very delicate. He said he was surprised that the United Kingdom memorandum had made no mention of what the United States might do in return for a removal of discrimination on dollar goods. Other delegations are also thinking along these lines but few have any rebuttal for the United Kingdom view that the removal of discrimination, since it will obviously be in the interests of all European countries after some of them are convertible, must break down. The United Kingdom had not contemplated any specific "bargains" with the North American countries. Ockrent suggested that the OEEC should pay more attention to a study of the tariff question so that OEEC and the United States could talk a common language. At present OEEC's preoccupation with QRS, of which United States trade was relatively free, implied a certain impotence in bargaining.

9. With reference to third countries, Calvet felt that bilateral arrangements had been extremely important in maintaining trade and that countries would have to continue to resort to them.

10. Müller (Germany) spoke in favour of having OEEC operate the trade rules though he did not distinguish between the transitional period and afterward. If the OEEC code were maintained the liberalization targets should be increased for convertible countries and non-convertibles should not discriminate. Settlements between convertible and non-convertible countries should be in convertible curren-

cies and there should be no bilateral arrangements. Convertible countries should not increase restrictions without prior consultation and they should submit to a strict discipline and examination of their internal, trade and financial situations. OEEC was the proper forum for these examinations.

11. Müller felt that European liberalization with the dollar area should be harmonized. (He made no reference to the economic forces which would bring this about), but felt that such harmonization should always be effected by increased liberalization and not by a levelling down. He also mentioned that this operation should be accompanied by a freer United States trade policy.

12. Germany admitted that bilateral trade and payments arrangements were not compatible with convertibility and that they would have to be removed gradually. One thing was certain: In Europe there must be no return to bilateralism. Outside Europe the situation was complicated by the fact that third countries wish to continue their bilateral arrangements. A discussion of this problem should be undertaken with the framework of OEEC.

13. Christiansen (Denmark) voiced fears that Europe would be split into two camps by a move to convertibility of some members. While agreeing with the general objectives of convertibility, he felt that multilateralism does not always give rise to maximum trade and that this problem should be investigated.

14. Ockrent (Benelux) agreed with the United Kingdom view that in the transitional period the OEEC liberalization code should be enforced and that the negative list exercise should be continued "avec foi". He recognized the code having two classes of members, the convertibles and the non-convertibles but emphasized that financial arrangements must be such as to make single class membership possible. On the question of the application of QRS, Benelux is in favour of a requirement for *prior* consultation. They feel some method can be found to suppress the speculative effects of the consultation.

15. The looseness of this debate on trade problems was due to the lack of precision in the assumptions. The problem is altered radically depending on:

(1) The number of European countries which go convertible, i.e. whether France and Italy are convertible or not.

(2) The degree of adequacy of financial arrangements for non-convertible countries.

(3) The organizational arrangements, i.e. an OEEC with powers of decision over trade and finance on a continuing basis would be more capable of dealing with the trade problems of the split than if it had only transitional powers — over trade rules without the support of an EPU.

16. Since none of these interlocking problems had been solved, it was found to be impossible to come to any unanimous view on the important aspects of the trade problems. Ellis-Rees, the chairman attempted to focus attention on the continuation of the OEEC liberalization code in the transitional period. All the future convertible countries agreed to this. Calvet, however, was not prepared to agree even in principle. He felt that the equality of convertible and non-convertible countries would end with EPU liquidation. Further, the IMF would probably not function with

equality for convertible and non-convertible countries but would probably favour the convertible countries. In these circumstances, it might be impossible for the non-European countries to agree to maintain the code (i.e. to agree not to discriminate). Cattani (Italy) supported these views.

17. Rowan did his best to point out the alternative to a decision to maintain the code. The alternative was a relapse into bilateralism and discrimination within Europe and a further weakening of the non-convertible economies thus postponing their ultimate achievement of convertibility. Neither Calvet nor Cattani (Italy) were particularly impressed with this argument, though the future convertibles all agreed.

18. What seem to be shaping up are two questions to Ministers:

(i) Is it agreed that the long term trade rules should be drawn up and, after the transitional period, supervised by GATT?

(ii) If so, is the OEEC code to continue during the transitional period?

19. On the second question France and Italy supported by the weaker countries are likely to hold out for a high level of financial support in return for their agreement to continue a non-discriminatory policy in Europe. In this, they are likely to have some United States support since that country would not be prepared to see the whole European economy which they have shepherded for the past eight years, fall apart. The other continental countries would also be most concerned at such a development and it is partly to prevent it that they wish to maintain a strong OEEC with powers of decision relating to both trade and financial matters.

20. A further telegram on financial questions follows.

645.

DEA/4901-F-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council and OEEC to Secretary of State for External Affairs

TELEGRAM 474

Paris, June 18, 1954

SECRET

Reference: Our telegram No. 469 of June 17.
Repeat London No. 71; Washington No. 38.

ALTERNATES OF OEEC MINISTERIAL GROUP ON CONVERTIBILITY

Financial Problems. Chapter 3, GMC (54)1.

The discussion of financial problems connected with a move to convertibility was helped initially by the tacit assumption of all the alternates that EPU would be liquidated when some of its members made their currencies convertible. This was the first public admission of this fact although it has been generally assumed since the last ministerial council.

2. Given the disappearance of EPU, the alternates turned their attention to possible future sources of credit and the manner in which it might be administered. The United Kingdom memorandum had made two basic proposals: Firstly it was important that countries should ascertain as soon as possible what facilities they could expect from the IMF. The United Kingdom felt that the best — indeed the only — way of finding this out was for countries, both future convertibles and future non-convertibles, to ask the Fund.

3. Secondly, since the Fund would probably feel able to afford more help to the stronger countries — especially those making their currencies convertible — and since the future non-convertible countries would probably require additional credit, the United Kingdom had suggested the formation of a European fund to provide temporary supplementary credit. It was their hope that the United States would agree that its dollar resources which form the initial and "special resources" assets of EPU might be transferred to the European fund.

4. Shearer, one of the United States representatives, made a guarded statement indicating that the United States would look with "a favourable eye" on this use of its stake in EPU provided it were part of an arrangement which would adequately provide for the credit requirements of the post convertible period.

5. All the alternates were agreed that OEEC member countries should approach the Fund in order to establish the extent of their drawing rights. Nicholaides (Greece) wondered whether a preliminary joint approach might not be preferable and there was some support for at least a joint preliminary study of requirements to be undertaken in OEEC with a view to a possible preliminary joint approach to the Fund. The formal approaches to the Fund, must, however, be made individually.

6. Ockrent (Benelux) was able to give his support to the United Kingdom proposal for a European fund on three conditions:

(i) That the EPU resources on liquidation should be turned over to the European fund;

(ii) That creditors should not be asked to contribute additional amounts;

(iii) That the resources of the European fund should be available in principle to *all* members of OEEC. This would strengthen OEEC's control over its use.

7. Bauer (Switzerland) reserved his position on the European fund. The United Kingdom paper had suggested that countries which are not members of the IMF but which currently make credit available through EPU might continue to provide such credit via a European fund. Bauer made no reference to this suggestion.

8. Calvet (France) spoke in the same vein as he had spoken during the discussions on trade problems. If it were assumed that EPU would disappear when several countries made their currencies convertible, a split between convertibles and non-convertibles was greatly to be feared. There might be a reversion to the relationships existing in the 1930's when there were a mixture of convertible and non-convertible currencies and a spate of bilateral arrangements.

9. Calvet was doubtful whether the resources at the disposal of the non-convertible countries would be sufficient to prevent the split. He was fearful that the IMF would show little interest in the non-convertible currencies. He was doubtful of the

concept of the European fund. Its concept was quite different from that of EPU which has proved capable of finding multilateral solutions. The European fund would be obliged to limit itself to partial solutions. When pressed by Ellis-Rees who asked him pointedly:

"If the resources for the European fund could be found, what would the French attitude be?" Calvet replied somewhat dolefully that, "Frankly, he was not very happy about it." Cattani (Italy) shared the concern and the misapprehension of Calvet.

10. Notwithstanding the views of Calvet and Cattani, Rowan expressed some satisfaction at, "the more forthcoming attitude on the European fund". He thought most of the concern of the French and Italians could be ironed out when more detailed discussions took place.

11. There was little discussion on exchange rate policy as the United Kingdom did not consider the alternates a suitable forum for an exchange of views. The United Kingdom have already discussed this question bilaterally with the Europeans. A number of European representatives, including those from Benelux, Germany, and Switzerland stressed the importance of maintaining stable exchange rates.

12. The Ministers will probably be asked to express their views on the proposal for individual approaches to the IMF and on the principle of creating a European fund. The future non-convertibles, led by the French, may, however, be expected to postpone giving their agreement in principle until they have a fuller idea of the extent of its resources. The indications are that they would not be inclined to accept the principle of non-discrimination (implied by the continuation of the OEEC liberalization code) and the supervision of the OEEC members in the context of the European fund unless the ante (in the form of increased resource) is raised so that they can call on at least as much credit as is now available in EPU.

13. It is, of course, too soon to envisage bargaining positions. No one has, as yet, fully thought through the mechanism of the European fund and its possible relationship to IMF. It may be, however, that the French will be in the thick of the bargaining: On the one hand bargaining for increased credit under the threat of withdrawing from the non-discriminatory requirements of the liberalization code. The implementation of such a threat could hardly be in France's long or even short term interests but one is inclined to wonder whether they will not hold out for credit facilities adequate for them to maintain full multilateral trading relations with the rest of Europe. On the other hand if they are unable to get adequate credit, a better alternative for them would appear to be devaluation and an early move to convertibility along with the stronger countries.

14. While the foregoing remarks are based only on conjecture, they nevertheless point up the elements of the delicate negotiating problems that will probably face the Ministers — if not in the July meeting, at some future meeting.

DEA/4901-F-40

646.

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council and OEEC

TELEGRAM 426

Ottawa, June 22, 1954

SECRET

Reference: Your Telegram No. 469 and others of June 18.
Repeat London No. 894.

ARRANGEMENTS RE CONVERTIBILITY

Your letter No. 1737 of June 4 and your various telegrams indicate of course that the working out of suitable techniques and organisational arrangements for international cooperation in financial and commercial fields in conditions of convertibility is a difficult and complex problem. You will have noted from the record of our May 26 and 27 discussions with U.S. officials some of the problems which we encountered.[9]

On the proposal for some form of OEEC arrangement to look after this problem our views are similar to those which Rowan expounded at the meeting of alternates. You will appreciate that as our widespread trading interests are best served by maintaining and strengthening the world wide and multilateral nature of GATT and IMF, we could hardly favour any less broadly based institution to deal with international commercial and financial matters. We were therefore disturbed at the views which the European representatives put forward; and in the light of your letter No. 1737 we are pleased that you have not supported these views.

These questions no doubt will be aired at the meeting of the Continuing Committee in London[10] and you will have an opportunity to discuss them when Rasminsky and Plumptre visit your Mission.

[illegible]

[illegible]

[illegible]

647.

DEA/4901-F-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council and OEEC to Secretary of State for External Affairs

TELEGRAM 493

Paris, June 23, 1954

CONFIDENTIAL

Reference: Your telegram No. 426 of June 22.

ARRANGEMENTS RE CONVERTIBILITY

We were glad to receive your views on the international organization aspects of the convertibility problem which we share.

2. We sent you our letter No. 1737 [June 4, 1954], which accurately forecast the discussion on organization at the alternates, in order that you might be fully aware of the OEEC alternative which was germinating on the continent. It did not reflect a preference for this solution on our part, but it was obviously a point of view with which the alternates would have to contend.

3. During the discussions in the alternates, it became clear that an OEEC solution would not gain the support of the United Kingdom or the United States. I felt obliged to support Rowan in the fact of continental opposition in favour of a GATT/IMF solution as set out in my letter No. 1846.† I am glad that you have confirmed the views I expressed.

4. The United Kingdom proposal of an IMF/GATT Advisory Board got no support at the alternates meeting and it now seems that it is not likely to be pursued strongly.

5. Our present view is that the ultimate solution is likely to be the working out of closer co-operation between GATT and the fund by more direct means and without the necessity of setting up anything in the nature of a new organization.

648.

DEA/4901-Q-40

Le secrétaire d'État aux Affaires extérieures au représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE

Secretary of State for External Affairs to Permanent Representative to North Atlantic Council and OEEC

TELEGRAM 470

Ottawa, July 13, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Our Telegram No. 426 of June 22.
Repeat London No. 1002.

ARRANGEMENTS RE CONVERTIBILITY

For Mr. Wilgress.

The following paper which deals with the various issues raised in GMC(54)3(1st Revision) has been prepared interdepartmentally to serve as guidance concerning the issues which are expected to be discussed at the meeting of Mr. Butler's group on July 15th. Although we appreciate that the meeting is taking place under OEEC auspices, you will no doubt wish to arrange with Mr. Robertson for appropriate participation by Canada House in order that they may have the background of these meetings for any subsequent talks in London with United Kingdom authorities.

Text of paper begins:

(a) *Permanent Trade Rules*

1. In the light of recent experience it should now be recognized that it is not realistic to expect all countries to accept the same obligations with respect to trade policy. The more highly developed countries can reasonably be expected so to manage their affairs that there is no persistent tendency to over-import. For these countries, the use of quantitative restrictions on imports should therefore be regarded as most abnormal — a procedure to be used only in case of extreme payments difficulties and after other, more normal, methods of dealing with the problem had failed. The rule for such countries might therefore be that quantitative restrictions (and of course discrimination) were to be avoided, except under a strict escape clause. This rule could however not be applied to countries which are in a chronic state of inflation. This is likely to be the case with under-developed countries which push ahead with development plans more rapidly than the resources at their disposal permit. These countries claim — and they probably need (partly for administrative reasons) — the right to use their foreign exchange resources on goods of first priority, and to use quantitative restrictions (though not of a discriminatory sort) for this purpose. If the general escape clause is drawn broadly enough to accommodate these countries it will be too broad for the others, and will unnecessarily weaken the obligations they undertake. It would therefore be desirable to separate out these two types of case and have special, fairly loose, provisions for under-developed countries and more stringent provisions for others.

2. The treatment of countries in a "persistent and extreme creditor position" is a complicated one. In our view the existence of such a position should be accepted as the sole justification for discrimination in the new trade rules. Yet it must be recognized that in a world of convertible currencies, there is no exchange advantage in discrimination; in fact there is usually an exchange loss, since normally the assumption is that lower prices prevailed in the "scarce currency" country than will have to be paid elsewhere for the goods excluded. For discrimination to achieve any worthwhile results it has to be practiced fairly generally and under convertible currency conditions would have to be highly organized. If a large number of countries discriminate against a persistent creditor they could provide each other with trading opportunities — though of an uneconomic sort — which did not previously exist. However, so long as currencies remained convertible there would be a temptation to use them to buy from the "offending" creditor country if its prices were lower. There would therefore have to be understandings to prevent this, which

would not be easy to reach unless the "scarce currency" situation was so extreme that a large number of currencies again became inconvertible.

3. In considering the scarce currency problem, it should be borne in mind that the Fund Agreement has a scarce currency clause which, if implemented, authorizes members to impose exchange restrictions on the scarce currency. It would seem undesirable to set up two authorities to determine when a "scarce currency" situation exists, and since this is a financial matter the determination should be left to the Fund. The trade rules might provide, as Article XIV, Section 5(a) of the GATT now does, that countries may impose trade restrictions having equivalent effect to exchange restrictions authorized under Section 3(b) of Article VII of the Fund Agreement.

4. There are several questions relating to the permanent trade rules for developed countries which will require a great deal of further study. Since views here on these subjects have not yet crystallised, we would not expect you to raise these questions formally, but we would be interested to learn of any opinions bearing on them which may be expressed at the London meeting. These questions include:

(i) Should the ban on q.r.'s (apart from an emergency escape clause and some inevitable agricultural escape clause) be absolute, as we should greatly prefer, or will it be necessary to recognize in some formal way, that, for political reasons, even the best-intentioned countries in Europe may have to retain a few? Is the approach to this problem represented by the OEEC "negative list" the most effective means of minimizing the dangers? Would it be practicable and preferable to substitute tariffs for q.r.'s in these few cases?

(ii) What is the best, or least undesirable, form of agricultural escape clause? How far will the minimum escape clause needed for U.S. purposes go towards meeting European needs (political and otherwise) for protecting domestic agriculture. Can anything be done to limit export subsidies?

(iii) As for the emergency escape clause, is "prior approval" for its use really desirable or practicable amongst the developed or "like-minded" countries? And should the approval for its use be given by the IMF or some other body?

(b) *Trade Rules in the Period of Grace*

5. One of the dangers to which the United Kingdom feels exposed in making sterling convertible is that European countries will seek to earn dollars by restricting their imports from the sterling area; on the other hand, some of the European countries have expressed the fear that the United Kingdom will restrict imports from them. The maintenance of the European liberalization code disposes of both sets of fears and hence makes it easier for progress to be made to convertibility. We should therefore approve the maintenance in effect of the OEEC code. This implies acquiescing in continued discrimination against us, but in view of the British proposals regarding the long-term trade rules there would now be a terminal date on such discrimination for the countries accepting the rules.

Convertibility itself establishes a strong economic pressure in favour of non-discrimination, as all convertible currencies are equivalent to dollars. There is no exchange reason why the British, for example, should discriminate in favour of OEEC countries against dollar countries once sterling is convertible (or indeed,

practicably convertible, as now) and, on the other hand, non-resident earners of sterling have no financial reason for discriminating in favour of the sterling area against dollar countries. The maintenance of the OEEC code in conditions of convertibility therefore has the effect of continuing discrimination in financial circumstances in which it is clearly inappropriate. This fact constitutes, indeed, some protection to us as the self-interest of most of the countries concerned should lead them to get on to a non-discriminatory basis of imports in a short time. It is, of course, essential that the normal forces exerted by convertibility should be allowed to operate and that there should be no wilful interference with the pressures they exert on the direction of trade, such as would be involved for example, in any attempt to slow up the process of relaxation of discriminatory import restrictions against dollar goods. This means that, though we should support the maintenance of the OEEC code in the initial period after convertibility, it would be on the understanding that countries will proceed rapidly towards dollar relaxation and that no attempt will be made to slow down this process.

Closely tied in with the question of convertibility and the removal of discriminatory trading practices are the comprehensive bilateral trading arrangements of a number of countries. These arrangements restrict trade in an uneconomic manner. Unless a determined effort is made to set aside such practices they are almost certain to considerably confine the beneficial effects of convertibility. It is also hoped that the adoption of convertibility and the removal of trade restrictions will not be accompanied by any trend toward a general increasing of tariffs, although there may be instances where specific adjustments are warranted.

(d) *European Fund*

It would not seem appropriate for us to make any special comment under these headings.

(e) *Institutional Problems*

We have supported the idea of the bridge committee between I.M.F. and GATT and continue to believe that this proposal has merit. Properly set up, it would provide a group of manageable size, consisting of operating officials (including, when appropriate, Ministers) to discuss financial and trade problems together, and seek for constructive solutions to difficulties which would recognize the responsibilities of all countries. The idea has the great merit that, by operating through the Fund and GATT, which embody the legal obligations which countries have assumed in these matters (as well as constituting, in the case of the Fund, a possible source of finance to help countries to observe the rules) any question of conflicting jurisdiction or working at cross-purposes is avoided. The idea also has the political advantage of not giving special responsibilities to an institution which is exclusive in character.

However, since the idea was put forward the attitudes of other countries towards the I.M.F.-GATT Committee have developed in a way which makes it appear uncertain that this proposal will be accepted. U.S. Treasury officials have indicated that the U.S. would find great difficulty in accepting membership. And the European countries obviously fear that the establishment of such a committee would greatly reduce the importance of OEEC, and this attitude appears at the moment to

be a drag on their willingness to participate in a general movement towards currency convertibility. In the circumstances, while we should continue to express our preference for the I.M.F.-GATT idea, we should do so in a way which indicates an open mind on this organizational question, and which recognizes the attitudes of other countries.

We cannot, however, support a proposal that OEEC should be given some special responsibilities of a precise legal character in connection with the trade rules and the convertibility operation. In spite of the inclusion of the U.S. and Canada as associate members, the OEEC remains essentially a European regional organization; it is essentially indeed for this reason (though also, perhaps, because of access to an influential U.S. ear) that the Europeans value it. However, the depth of the attachment of the Europeans to the OEEC is impressive and there is a danger that the move to convertibility will be delayed if they are given the impression that the organizational arrangements in connection with such a move are designed to push OEEC aside prematurely. Moreover, there is this real point of substance in the case the Europeans make — that more progress is likely to be made in maintaining sensible trade and currency arrangements if discussions on these matters take place among countries which feel they have an important interest in world trade and which are able and willing to be guided by the same code of behaviour.

In all the circumstances the most satisfactory arrangements might be to work entirely through existing institutions — the I.M.F., GATT and OEEC. The legal responsibilities in connection with convertibility and the trade rules would belong to I.M.F. and GATT and one would hope that they would develop more intimate relationships with each other. One might also hope for an increase in the effectiveness of these institutions if there is a major world-wide movement towards freer currencies and trade.

The most important way to strengthen the Fund would be to change the character of the Executive Board so that the principal countries were represented by operating officials who had some responsibility in financial matters at home and who served as part-time Directors. This could be done without any constitutional change, merely by scheduling policy meetings of the Board at regular intervals, say 6 or 8 times a year. The change would of course require agreement among the main countries that this was how the Fund should operate.

So far as GATT is concerned, the hope would be that when the organizational provisions were changed so as to enable the U.S. to ratify the Agreement, the Secretariat would be strengthened and closer liaison established with the Fund in Washington. If the proposals are accepted by which there would in effect be two sets of trade rules — one for the under-developed countries and one for the U.S., U.K., the non-Asian Commonwealth countries, Japan and most of Europe, it will be a matter for discussion whether GATT should set up separate machinery to supervise the application of the rules by these two groups. For the reasons given earlier, this would appear desirable but the question cannot be decided now.

The OEEC would remain in existence as an organization in which the members and associate members could discuss matters of common concern. It would have no new responsibilities but no new rivals. If European countries wanted to use it to call

each other to account in connection with trade arrangements, they would be free to do so; but they could not in this way by-pass GATT or the Fund. If these institutions functioned effectively one would expect to see a gradual diminution in the role of OEEC. Text ends.

DEA/4901-Q-40

649.

La délégation permanente auprès du Conseil de l'Atlantique Nord et l'OECE au sous-secrétaire d'État aux Affaires extérieures

Permanent Delegation to North Atlantic Council and OEEC to Under-Secretary of State for External Affairs

LETTER NO. 2188 Paris, July 20, 1954

RESTRICTED

Reference: Our telegram No. 540 of July 19.†

MINISTERIAL EXAMINATION GROUP ON CONVERTIBILITY

Attached are four copies of the texts of two statements which I made at the meeting of the Ministerial Examination Group on Convertibility which met in London on July 15 and 16.

L.D. WILGRESS

[PIÈCE JOINTE 1/ENCLOSURE 1]

Déclaration du représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE

Statement by Permanent Representative to North Atlantic Council and OEEC

MINISTERIAL EXAMINATION GROUP ON CONVERTIBILITY, LONDON, JULY 15/54

I have been instructed to make clear the position of the Canadian Government on this important subject of the permanent trade rules. There is no need for me to stress the importance of this question for my country. Canada derives a large proportion of her national income from external trade. Our total trade is greater than that of any other country except the United States and the United Kingdom. Our trade interests are world-wide.

It is true that a large proportion of our trade is conducted with two areas, namely, the United States and Western Europe, but we have had recent experience of the disadvantages of concentrating our trading interests too much in either of these two areas. Important though these trading areas are to us, we would not wish to see them emphasized to the exclusion of the interests of our trade with other parts of the world.

It follows from this that the Canadian Government consider the permanent trade rules as being conceived purely on a world-wide basis and administered by a

world-wide organization. We are in favour of making use of existing organizations. We feel that they should be adapted and strengthened to meet the needs of the new situation which will arise when the currencies of certain countries become convertible. We could not contemplate having the trade rules administered by a body of which we are not a full member. Nor could we consider entrusting this task to a body which was not representative of many of the important areas with which we are desirous of expanding our trade. In other words, we can not conceive of a matter so important to our national interest as the trade rules being administered by a body which does not have world-wide representation.

The only existing organization dealing with trade which is of a world-wide character is the GATT. The articles of the General Agreement on Tariffs and Trade are to be reviewed by the Contracting Parties at a session which is to be held later this year. This affords the opportunity of adapting the GATT to the new situation and incorporating in the General Agreement the trade rules which will be operative in the period after the currencies of certain countries become convertible. These trade rules can be made as stringent as possible for the countries whose currencies have become convertible. There will have to be escape clauses for countries in balance of payments difficulties and whose currencies therefore remain inconvertible, but these should be kept under constant review and subject to clearly defined criteria, certain of which could be based on determinations by the International Monetary Fund. There will also have to be special provision for the underdeveloped countries, as envisaged in paragraph 15 of the United Kingdom memorandum. The membership of these underdeveloped countries in the organization administering the trade rules will, therefore, not affect the application of more stringent rules among the more limited group of "like-minded" countries, to which reference is made in the paper before us.

We believe that the GATT can be made to work, and that it can be adapted to the purpose of administering the trade rules in the new situation. What is needed is not only a review of the substantive provisions of the General Agreement, but also of the organizational provisions under which the meetings of the Contracting Parties now take place. In particular, there will be the need for a strong standing committee which can be called together on short notice. What is still more important will be the working out of effective co-operation between all of the organizations which have responsibilities in the field of international trade and finance. This applies particularly to co-operation between the GATT and the International Monetary Fund, which is the question raised under sub-paragraph (f) of paragraph 29 of the paper before us. The Fund is the only organization dealing with international payments which is constituted on a world-wide basis. We believe it is possible to work out effective means of co-operation between the GATT and the Fund.

We would also like to see more effective co-operation between the GATT, the Fund, and the OEEC in order that the aims and objectives of one organization may not be frustrated by the actions of another. Most of the countries represented around this table are either members or associate members of all three organizations. This should make it feasible to work out effective co-operation between them. We also believe it should be possible for those members of the OEEC who

are not now Contracting Parties to the GATT to become members of that organization after the review of GATT takes place.

It is important that while we should aim high in the sense of bringing about as soon as circumstances permit the freest possible conditions for multilateral trade and payments, we should be realistic in realizing that we can not all at once achieve that goal. The new trade rules of GATT should, therefore, be designed to take full account of the necessities for the interim period, although giving the GATT organization authority to see that not only the basic rules but also the exceptions for the interim period are strictly adhered to. Close co-operation with the International Monetary Fund and the OEEC will be an essential element in the discharge of this responsibility to be placed upon GATT.

I shall not deal with the complicated question of the treatment of countries in a "persistent and extreme creditor position", except to say that in our view the existence of such a position should be accepted as the sole justification for discrimination when formulating the new trade rules.

Closely tied in with the question of convertibility and the removal of discriminatory trading practices are the comprehensive bilateral trading arrangements of a number of countries. These arrangements restrict trade in an uneconomic manner. Unless a determined effort is made to set aside such practices, they are almost certain to confine considerably the beneficial effects of convertibility.

It is also hoped that the adoption of convertibility and the removal of trade restrictions will not be accompanied by any trend toward a general increase of tariffs, although there may be instances where specific adjustments are warranted and may indeed be desirable as the only practical means of doing away with certain quantitative restrictions.

The field of tariffs, therefore, should not be neglected. This is a field in which GATT has pioneered, having been the first organization to sponsor tariff negotiations on a multilateral basis. The stabilization of tariffs that has resulted from the General Agreement on Tariffs and Trade has been of great benefit to world commerce. When conditions are opportune, further attempts to reduce tariffs should be made under the auspices of GATT. This should go hand in hand with — but not prejudice the main objective of freeing world trade from the impediments of quantitative restrictions and other arbitrary barriers to trade.

To sum up, Mr. Chairman, the considered view of the Canadian Government is that the permanent trade rules must be of world-wide application, and must be administered by a world-wide organization. We see no possibility of transforming a purely regional body such as the OEEC into such a world-wide organization, so that we feel every effort should be made to adapt and strengthen the one existing organization that fulfils the conditions we require for the administration of the trade rules.

[PIÈCE JOINTE 2/ENCLOSURE 2]

Déclaration du représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE

Statement by Permanent Representative to North Atlantic Council and OEEC

MINISTERIAL EXAMINATION GROUP ON CONVERTIBILITY, LONDON, JULY 15/54

The code of liberalization is a matter for consideration by the Members of OEEC, but perhaps an associate member of the Organization may be permitted a few observations.

We think the code has been a good thing in securing a start, albeit on a regional basis, in the removal of quantitative restrictions. The Canadian Government has always had certain reserves about the regional character of EPU and the OEEC liberalization system. These reserves were founded on the tendency — which we feared — that progress toward a freer system of trade and payments and a viable European economy would be restricted to the potentialities of the weakest economies. We have been gratified, however, to see in the past months that both EPU and the liberalization code have not been administered with these regional objectives in mind and that it is accepted to be in the interests of all OEEC countries that each country should proceed at its own best pace in moving toward convertibility and the rationalization of its economy. It is our firmly held view that this is the right course to follow.

It is with these thoughts in mind that we approach the question of the continuation of the code in the interim period. In the interim period the problems of trade liberalization in Europe will no longer be on the same regional basis as at present. Economic forces will preclude regionalism. As soon as some currencies are made convertible, discrimination against goods from other convertible areas become meaningless. It is in the best interests of European countries to get rid of such discrimination as quickly as possible in order to reduce their import bills and rationalize their price structures. Accordingly, if this apparently irrefutable logic is accepted, the OEEC liberalization code assumes a very different aspect.

In our view, the most important feature of the code in the interim period is its non-discrimination article. In the interests of preserving European co-operation, this feature of the Code must be maintained. We realize that the acceptance of non-discrimination on the part of non-convertible countries may involve some sort term difficulties for these countries, but the alternative to non-discrimination can hardly be acceptable to them, and in our view, could not be considered in their short or long term interests. The continuation of the code with its non-discrimination article may involve measures of support for inconvertible currencies varying from country to country. The provision of this support and its administration with the clear objective of assisting the inconvertible countries to convertibility and a wider system of trade and payments will provide a difficult, but essential task for the OEEC. It is a task for which OEEC, by its nature and experience is well suited and one which will provide a challenge for the Organization as well as a test of the success of European co-operation.

To sum up our views, Mr. Chairman, they are:

1. That the liberalization code should be maintained with special reference to its non-discrimination article.

2. That whatever forms of European co-operation are necessary should be predicated on the acceptance of this principle.

3. That the OEEC in providing the forum for this difficult but most rewarding task of European co-operation should bear constantly in mind the broader efforts on a world-wide front toward the objectives of a freer system of multilateral trade and payments.

Finally, I would say that like the United States, we are anxious to continue Canada's present fruitful association with the OEEC.

650. DEA/4901-Q-40

La délégation permanente auprès du Conseil de l'Atlantique Nord et l'OECE au sous-secrétaire d'État aux Affaires extérieures

Permanent Delegation to North Atlantic Council and OEEC to Under-Secretary of State for External Affairs

LETTER NO. 2199 Paris, July 20, 1954

CONFIDENTIAL

Reference: Our telegram No. 540 of July 19.†

OEEC MINISTERIAL EXAMINATION GROUP ON CONVERTIBILITY, CHURCH HOUSE, LONDON, JULY 15 AND 16

Although nothing spectacular occurred during the Ministers' Deliberations in their Examination Group Meetings on July 15 and 16, they provided the necessary Ministerial approval of the line of action which had germinated in the Deputies' meetings in June. The one issue which might have given rise to a spectacular division of opinion, the organizational issue, was not discussed independently. It was put off till the end of the meeting when there was no time to discuss it. The nature of the organizational issue was clarified by the debate on the trade and payments questions but it was clearly not ripe for Ministerial pronouncements and not sufficiently urgent to require discussion.

2. The more urgent issues were those concerning trade and payments arrangements. These were discussed separately with a view to the preparation of instructions to the Deputies in reply to their questions on trade issues posed in GMC(54)3, 1st Revision, para 29 a-d, and in reply to questions on payments issues contained in paragraph 29e of the same document. The texts of these instructions were sent to you in our telegram No. 540.

Trade Issues

3. Mr. Butler (U.K. and Chairman) opened the debate on trade issues with a summary of points on which he thought members were in general agreement.

Member countries were generally agreed:

(i) on the future elimination of Quantitative Restrictions with internationally agreed exceptions;

(ii) on the policy of avoiding discrimination except in instances in which a currency had been declared scarce;

(iii) on the need for a transitional period of time after some countries had made their currencies convertible to allow policies in (i) and (ii) to be fully applied;

(iv) in the transitional period, there must be no falling back and reversion to less enlightened trade and payments arrangements than presently existed. (Mr. Butler emphasized that the U.K. regarded this as very important);

(v) that there was a need for international credit which might come from the IMF or from a Special European Fund on which the U.K. had made proposals;

(vi) that there was a need for exchange rate stability and the avoidance of competitive depreciation;

(vii) that there was a need for a forum in which trade and payments questions could be discussed together.

4. Mr. Butler went on to give his own view that much of what is needed to bring these points of general agreement into effective operation was to be found in the GATT. What was needed was a "change of heart" to make the GATT international rules work and a need to extend the effective operation of the rules over a wider area. There would also have to be a consideration of the changes needed in the international rules; this would be undertaken in the review of GATT later in the year. Mr. Butler went on to stress the U.K. view that the OEEC Code must be maintained until it is subsumed at the end of the transitional period. It was necessary to secure in the OEEC Code the principles on which all were agreed.

5. *Mr. van der Kieft* (Netherlands speaking for Benelux), began his remarks with a reiteration of Benelux views on the need for discussion of internal policies and payments problems in connection with the application of trade rules. Proper consultation required a good organization. Benelux felt the proper organization to undertake this task was the OEEC expanded by including the Associate Members and the British Dominions.

6. The OEEC Code was an appropriate basis for the international trade rules required after convertibility. The Organization should investigate means for making the rules more stringent on a restricted basis. A European Fund should be set up to permit the continuation of non-discrimination by inconvertible countries. QRs applied for balance of payments reasons should only be permitted *after* consultation and their period of application should be strictly limited. He went on to emphasize the Benelux view that any further reduction in Quantitative Restrictions depended on reductions of tariffs by high tariff countries. In fact, it might even be doubtful whether the present Benelux level of liberation could be maintained if high tariff levels were maintained.

7. *Mr. van der Kieft* agreed that discrimination against the dollar area should be eliminated in accordance with commitments in the GATT and the IMF. However, he said, without elaborating, that some restrictions might have to be maintained.

On the question of bilateralism, the Benelux countries felt that there was a need for concerted action to reduce bilateralism in Europe, but there was need for further study on bilateralism outside Europe. Bilateral arrangements with countries outside Europe might be unavoidable. In any case time would be required to get rid of them.

8. *Mr. Krag* (Denmark for Scandinavia), followed the general line taken by Benelux. He favoured an OEEC solution to the organizational problem. Discrimination should be a measure of last resort after previous discussion of remedial measures by both creditors and debtors. The OEEC Code should be continued but he emphasized that as more progress was made in the removal of QRs the more it was necessary to give closer consideration to other forms of restriction: tariffs, state trading, artificial aids etc.

9. On the question of dollar restrictions, Mr. Krag thought that the OEEC free list should in principle, be extended to dollar goods and discrimination ended. The Scandinavian countries were, in principle, opposed to bilateralism, but, on the other hand, the complete banning of bilateral arrangements might under some circumstances serve to reduce trade. There was need for further study of this question.

10. *M. Petitpierre* (Switzerland), felt that convertibility was essential, but care must be taken that it be achieved in conditions of stability and in conditions which permitted a continuation of economic expansion. Switzerland was in favour of maintaining OEEC as an instrument of European co-operation and as the institution for solving trade and payments problems. OEEC should be enlarged to include other like-minded countries.

11. *M. Petitpierre* said there were many intermediary methods of achieving convertibility and it was not essential that all countries should adopt the same methods. What was necessary was that each country should state exactly what it intends to do in order that OEEC could make appropriate international arrangements.

12. *Mr. Burgess* (United States Treasury), referred to the greatly improved situation and outlook in Europe since last May. He cited increases in gold reserves, increased dollar liberalization and the continuation of sound internal policies. In the U.S. the economic adjustment was proceeding normally and the present economic outlook was reassuring.

13. On the organizational issue, Mr. Burgess said that the U.S. was firmly of the belief that the OEEC should continue. The U.S. wished to maintain its association with OEEC and he hoped that Canada would do likewise. It was the U.S. view that after convertibility was achieved, reliance should be placed on existing organizations (the GATT and IMF). These should be strengthened, but there was no need to set up new committees or to superimpose an IMF/GATT Advisory Board.

14. On the question of bilateralism, the U.S. Government felt it was vitally important that convertibility should not be associated with any resurgence of bilateral agreements *in Europe*. Mr. Burgess said it was questionable whether the IMF should support moves to convertibility on the part of countries which continued to resort to bilateral arrangements.

15. On the question of persistent creditors, it was the U.S. view that Article VII of IMF and the relevant GATT articles should provide adequate provisions. Their application depended on good will.

16. *M. Nicholaedes* (Greece), agreed that discrimination against the dollar area should be ended. Speaking for his own country and for "other non-represented countries", he said that the abolition of bilateral arrangements was not possible.

17. *Mr. Erhard* (Federal Republic), said that in principle, his Government felt that it would be preferable if there could be world-wide trade rules administered by a world-wide organization. He did not think this was realistic; what he was concerned about was "pragmatic progress". This led him to the conclusion that trade rules should be drawn up for a more selective group of like-minded countries. The OEEC Code should be the basis for establishing these new and more stringent trade rules. Special attention must be paid to the escape clause provisions: no country should be permitted to reintroduce QRs for balance of payments reasons without *prior* approval. As he saw it, the position after some countries moved to convertibility should be that: (i) the Code should continue to be applied by inconvertibles; (ii) the convertible countries should increase their percentage of liberalization.

18. On the question of dollar discrimination, Mr. Erhard felt that the present divergence of treatment between Europe and the dollar area was no longer justified. Gradual progress in dollar liberalization was an essential preparatory move to convertibility.

19. *Mr. Erhard* said that bilateralism was incompatible with convertibility; there were, however, difficult problems in connection with OEEC countries' relations with third countries. He recommended that OEEC should study this question. Agreement should be reached in OEEC for an early elimination of bilateral agreements.

20. *M. Faure* (France), said his Government agreed with the objective of convertibility. It could not take the step to convertibility, however, until it had covered its risks. The French government realized that it could not hold back other countries which wished to make their currencies convertible but he expressed the hope that they would not take unilateral decisions without bearing in mind their effects on the weaker countries. In this connection he stressed the great importance he attached to the formation of a European Fund with *ample* resources.

21. In rebuttal to some of the views which had been expressed, *Mr. Thornycroft* (U.K. Board of Trade) said that the trade rules and organizational issues should not be confused. There would be plenty for OEEC as an organization to do in connection with the day to day consideration of commercial problems. The trade rules however, which must be of world-wide application would have to be the responsibility of an organization with appropriate world-wide membership.

22. On the question of the reapplication of QRs, Mr. Thornycroft reiterated the U.K. view that it is not practically possible to consult before applying QRs. Prior consultation would give rise to speculation.

23. On the question of tariffs, he said that there was "no question" of the U.K. negotiating the liberalization of QRs against tariff reductions. The U.K. was, however, prepared to continue GATT tariff negotiations with U.S. participation. With

regard to bilateralism, the U.K. agreed, in general with Mr. Erhard, that in principle bilateral arrangements should be abolished, but the problems connected with their abolition needed further study which should be undertaken by OEEC. Further study at official level was also required regarding desirable changes to be introduced in the Liberalization Code.

24. *Mr. Waugh* (U.S.) said that the United States was not seeking the reduction of discrimination at the expense of European liberalization. It was, however, their view that the European situation had improved to such an extent that further steps should be taken to eliminate discrimination. In this connection, he hoped that OEEC could prepare a "global liberalization programme" for the next Ministerial Council.

25. On the control of deliberalization, Mr. Waugh considered that the new OEEC trade rules (i.e. the revised OEEC Code), should provide for the elimination of discrimination for convertibles, and for practical measures which would enable inconvertible countries to reduce barriers and make progress toward convertibility.

26. *Mr. Waugh* said that the U.S. had given considerable attention to the problem of co-operation between the GATT and the Fund. This was essential. Improved co-operation might be achieved by strengthening the administrative machinery of the GATT, and by improving the consultative machinery. (The U.S. have in mind the creation of a GATT Standing Committee in Washington). He said the U.S. would put forward concrete proposals at the next meetings of the GATT and Fund.

27. *Mr. Waugh* reiterated U.S. support for OEEC and, without developing his point, said that he hoped the OEEC would be given "appropriate powers". He welcomed unilateral tariff reductions arranged through consultation with OEEC (which had been suggested), but he emphasized that GATT was the principle body for tariff negotiations.

28. In connection with the debate on trade issues, I made two statements, the texts of which were sent to you under cover of our letter No. 2188 of July 20. These contained a rather forthright exposé of our views on the necessity for world-wide trade rules administered by the GATT. We felt it wise to make a strong statement in view of the strongly held and expressed views of the continental countries favouring an OEEC solution. My remarks gave rise to some disappointment among the continentals, but I think they gave useful support to the world-wide approach which had been put forward by the U.K. and U.S.

Conclusions

29. The instructions given to the Deputies recognize the requirement for world-wide trade rules but express the view that the OEEC Code of Liberalization should be maintained "at least for a transitional period during which world-wide rules would not be in full operation". This represents a defeat, in principle, for the continental countries and the OEEC solution. They have not given up yet, however. We expect that their efforts will now be directed toward the reinforcement of the OEEC Code. They reject any direct mention of the fact that it will be subsumed at the end of the transitional period. It might be suspected that their present intention would be to prolong the "transitional period" indefinitely. Although they have reluctantly accepted the principle of world trade rules, they may be expected to do their utmost

to maintain the practical administration of the OEEC rules for as long as possible. This will have to be closely watched.

30. The Deputies have been instructed to suggest amendments to the Code to provide for increased liberalization. Benelux, and the Scandinavians are insisting, however, that any further progress in liberalization must be preceded by reductions of other barriers to trade, i.e. state trading, tariffs, etc. These may provide difficult negotiating problems for the Deputies. It seems unlikely that they will have any more success than they have had in the past in resolving the tariff question.

31. The Deputies are also instructed to consider "what further concrete steps could be proposed to the Ministerial Council in November for the further abolition of quantitative restrictions both on intra-European trade and on trade with the dollar area." There seems to be fairly general agreement on the inevitability (and therefore desirability) of the removal of dollar discrimination when some currencies are made convertible. It may be expected, however, that the continental countries will be wracking their brains in order to secure a *quid pro quo* from North America. So far, they have apparently not been able to think of a practical one on which they could insist. Although there are constant reminders of the necessity for a more liberal U.S. commercial policy, these are not put forward hopefully.

Payments Issues

32. The discussion on payments problems centred on the question of the need for a European Fund after the liquidation of EPU. There was general agreement on the need for such a fund and on the desirability of having it accessible to, and administered by all OEEC countries. The question of universal contributions to the Fund was approached with more hesitancy. So far no creditors have agreed to contribute more than their temporary rights to OEEC assets on liquidation and it appears likely that this position will be maintained. As the technical details of the proposed Fund had not received any study in OEEC, there was no conclusive debate on the subject, but a number of Ministers presented views on some of the principles which might be studied.

33. The Examination Group had before it an Italian memorandum (copies sent to you under cover of our letter No. 2119 of July 13),† proposing a Fund endowed with resources of at least one billion dollars ($271 million EPU assets, $229 million additional U.S. contribution, $500 million from EPU members). This proposal was not discussed seriously although M. Faure, of course, supported it strongly.

34. Following is a summary of the debate:

Mr. Erhard (Federal Republic), was in agreement with the proposal for a European Fund but he felt strongly that its charter should not include what he regarded as some of the faults of the EPU Agreement. Specifically, European Fund credit should not be granted automatically and credit should be short term credit. With regard to the assets of the Fund, he suggested they should comprise the assets of EPU on liquidation. The convertible countries need do no more than accept a temporary renunciation of their rights to EPU assets.

35. With regard to the working of the Fund, Mr. Erhard had only one suggestion to make: that it be administered in accordance with the principles of a free economic system.

36. *Mr. Krag* (Denmark for Scandinavia), was in favour of a European Fund open to non-convertibles and also "to countries which, disregarding difficulties, made their currencies convertible". He emphasized that the credits available to the Scandinavian countries from IMF were smaller than those available through EPU. Mr. Krag thought drawing rights from the European Fund should be made as automatic as possible.

37. *Mr. Maudling* (U.K.), reviewed the proposal made by his Government in their memorandum GMC(54)1. He felt that the European Fund would not require a monthly compensation mechanism as was the case for EPU. The clearing function could be taken over by the market. The assets of the Fund should be sufficient to ensure progress in liberalizing trade, but in case of difficulty the U.K. felt that countries should have first recourse to the IMF. European credits should be strictly short term credits and not fully automatic. The European Fund, in his opinion, should be modeled on the IMF.

38. The original U.K. proposal suggested that the European Fund should be reserved to non-convertible countries. They now accepted the views of others that it should be open to all EPU countries.

39. *Mr. van der Kieft* (Benelux), agreed with the proposal for a European Fund and was convinced that it was necessary. He agreed to the use of EPU assets on liquidation to form its resources. The Fund should be open to all EPU members but should mainly be used to support those countries which had fewer facilities elsewhere. Credit should not be automatic but should be used to encourage moves to convertibility and non-discrimination.

40. On the question of exchange rates, Mr. van der Kieft felt that this matter was adequately dealt with in the IMF rules and there was no reason to alter or supplement them. He again raised the question of the reapplication of QRs, reiterating his view that there should be prior approval before reapplication. At this point he moved sharply away from the agreed Benelux line by indicating that the IMF should be the body with responsibility for granting prior approval. "The permanent officials in Washington could make rapid decisions". Mr. Ockrent (Belgium), who was at his side, frowned and squirmed noticeably in his seat as Mr. van der Kieft uttered this Benelux heresy.

41. *M. Nicholaedes* (Greece), was in agreement with the U.K. proposals with one exception. He reiterated the Greek view that the OEEC countries should adopt a collective approach to the IMF in connection with their requests for credit facilities. He agreed that the official approach would have to be unilateral, but felt that OEEC might screen requirements beforehand.

42. He then referred to the Benelux position on the reapplication of QRs. He did not agree that prior approval was required before reapplication. The solution might be a provisional reapplication together with the immediate submission of a case for reapplication to the appropriate organization.

43. *M. Faure* (France), agreed with the proposal for a European Fund but was not prepared to discuss it until it had been studied by the Deputies. There could be no return to convertibility without a European Fund. He emphasized the necessity for a Fund with adequate resources and, at this point expressed his agreement with the Italian proposal for a Fund of $1 billion as a basis for study.

44. *Mr. Stassen* (FOA), was pleased to note the general agreement on the need for a European Fund which was designed to promote further liberalization, and the move to convertibility. While the precise form of the Fund would have to be worked out in the Deputies, he put forth the following tentative U.S. views:

(i) The European Fund should be a subordinate agency of OEEC.

(ii) All OEEC members should be members of the Fund and have access to it.

(iii) The management should be vested in a Managing Board similar to that of EPU.

(iv) Credit should be short term.

(v) Credit granted by the European Fund should be in convertible currency and there should be no bilateral restrictions on its use. The European Fund should be a device for supplying credit on a multilateral basis.

(vi) The European Fund should be regarded as a supplement and not a substitute for IMF.

(vii) The U.S. agrees to the transfer of EPU assets to a new European Fund but only on the condition that such a new Fund could be demonstrated to provide an *effective* instrument for trade liberalization and progress to convertibility.

45. *Mr. Stassen* also expressed the view that the European Fund might provide a forum for maintaining close links between the consideration of trade, finance and internal problems. He felt that it would be a definite advantage if all OEEC members contributed to the assets of the Fund. He thought it should be possible to create a European Fund which could prevent the re-emergence of bilateralism.

Conclusion

46. The Ministers, in their instructions to the Deputies, "agreed that there should be available in Europe a source of credit administered by the OEEC whether in the form of a European Fund or otherwise, available to all Member countries in the constitution of which all should participate". They instructed the Deputies to prepare proposals.

47. The Ministers also agreed that, "it was desirable that Members should approach the IMF in order to ascertain informally what facilities the IMF is likely to offer. They also agreed that the Deputies should discuss the credit requirements of OEEC countries and the facilities likely to be available.

Future Work

48. It is expected that Ellis-Rees, Chairman of the Deputies will call a brief meeting next week to turn over formally to the Secretariat the preparatory work which the Ministers instructed the Deputies to undertake. Ellis-Rees and probably many of the other representatives will be absent on holiday from Paris for a month or six weeks. It is, therefore, unlikely that there will be further discussions on convertibil-

ity issues until the second half of September and perhaps not until after the IMF meetings. The Deputies will, however, have to prepare proposals for a meeting of the Ministerial Examination Group before the next Ministerial Council which is scheduled for November.

L.D. WILGRESS

DEA/4901-F-40

651.

La délégation permanente auprès du Conseil de l'Atlantique Nord et l'OECE au sous-secrétaire d'État aux Affaires extérieures

Permanent Delegation to North Atlantic Council and OEEC to Under-Secretary of State for External Affairs

LETTER NO. 2374 Paris, August 6, 1954

CONFIDENTIAL

Reference: Our letter No. 2199 of July 20.

OEEC MINISTERIAL EXAMINATION GROUP ON CONVERTIBILITY

A short meeting of the Deputies of the Ministerial Examination Group on Convertibility took place on July 29 to discuss the means of carrying out the terms of reference contained in GMC(54)5 and GMC(54)6. These documents contain the Ministerial instructions to the Deputies following their meeting in London on July 15 and 16.

2. Most of the studies to which reference was made in GMC(54)6 are already being undertaken by various committees of OEEC. Paragraph 2 instructs the Deputies to, "examine the amendments which might be made to the OEEC Code, in order to provide for an increase in liberalization and action in relation to impediments to trade other than quantitative restrictions". The Steering Board under previous mandates is giving active consideration to this problem.

3. In paragraph 3, the Ministers referred to the tariff problem indicating that, "an examination of tariff problems in the context of their general effect on intra-European and dollar area trade could usefully take place within the OEEC". The Deputies agreed that the work being undertaken in the Trade Committee on the preparation of a European Commodities List should be completed before new terms of reference are undertaken. As you know, there is a sharp division of opinion on the desirability of discussing tariffs at all in OEEC. The low tariff countries are anxious to discuss the lowering of tariffs by high tariff countries as an offset to increased liberalization. The U.K. and other high tariff countries maintain that tariffs are the responsibility of GATT and cannot be discussed profitably in a regional organization.

4. In paragraph 4, the Ministers instructed the Deputies to consider whether they can formulate a collective approach to the removal of dollar discrimination by Member countries. The Joint Trade and Payments Committee already has terms of reference dealing with this problem.

5. Paragraph 5 requests the Deputies to consider what further concrete steps can be proposed for consideration by the Council of OEEC when it meets at Ministerial level in November both on Intra-European Trade and on trade with the dollar area. The Deputies felt that this request was also covered under previous terms of reference of the Steering Board and the Joint Trade and Payments Committee.

6. In paragraph 6, the Ministers instructed the Deputies to study the conditions under which it will be possible for countries which are unable to return immediately to convertibility to continue to implement the obligations of the OEEC Code, i.e. not to discriminate against the convertible OEEC countries in the transitional period. Since the question of non-discrimination is closely linked with the credit facilities which will be available to non-convertible countries, the Deputies felt that preparatory work on this subject would not be profitable until there had been a further study of the proposal for a European Fund. They, therefore, agreed to postpone a consideration of the OEEC Code in the transitional period until their next meeting in October.

7. Paragraph 7 requests the Deputies to examine whether it is possible to lay down principles in regard to the use of bilateral agreements by Member countries. The U.K. Delegation agreed to submit a paper early in September containing their views on bilateral agreements as a basis for discussion at the next meeting of the Deputies.

8. In GMC(54)5, the Ministers requested their Deputies to prepare proposals on a European Fund. As this was originally a U.K. proposal, the U.K. Delegation offered to prepare a paper setting forth their views. The Italian Deputy also thought that his Government would wish to provide a paper on this subject. Both of these papers will probably be available early in September.

9. It was agreed that the next meeting of the Deputies should take place on October 13, 14 and 15. The Deputies made no arrangements for new studies on the Organizational question. This does not imply that the continental countries are losing their attachment to an OEEC solution. In private conversation with representatives of the Swiss and Belgian Delegations, we gathered that they still intend to support the continuance of a strong OEEC and that they hope to secure for this Organization, at least in the transitional period, a large measure of responsibility on trade questions.

10. Most of the Deputies will be on holiday for the rest of August and the early part of September. Many of them will be attending the Fund and Bank Meeting in Washington toward the end of September. It is for this reason that they were obliged to postpone the next meeting of the Deputies until mid-October.

K.J. BURBRIDGE

652. DEA/4901-F-40

La délégation permanente auprès du Conseil de l'Atlantique Nord et l'OECE au sous-secrétaire d'État aux Affaires extérieures

Permanent Delegation to North Atlantic Council and OEEC to Under-Secretary of State for External Affairs

LETTER NO. 3100 Paris, October 20, 1954

CONFIDENTIAL

DEPUTIES OF THE MINISTERIAL EXAMINATION GROUP ON CONVERTIBILITY

Maintenance of the OEEC Code of Liberalization in the Transitional Period

It had not been expected, prior to the Deputies' Meeting that much could be transacted on the Agenda item entitled: "The Maintenance of the Code in the Transitional Period". Most delegations, even those most concerned with the "OEEC approach" to the institutional question, had rather regretfully admitted that the discussion was premature and that the best that could be hoped for would be a provision for close liaison between OEEC and the Contracting Parties during the review session. In fact, however, an interesting debate developed which raised some of the essential problems of liaison and co-operation which will face OEEC and GATT in the transitional and final periods.

2. *M. Marjolin* set the tone of the discussion by stating succinctly the main preoccupations of OEEC in connection with the transitional period and the final period after some currencies are made convertible. As a point of departure he emphasized the European view that the introduction of convertibility must not be achieved at the expense of a reduction of European trade.

3. In the transitional period it was recognized that a measure of discrimination would continue; it would take time to break it down and unravel the bilateral agreements which in some cases linked countries' trading arrangements in discriminatory channels. With regard to the GATT trade rules, it was important that they should provide for the continuation of necessary elements of discrimination during the transitional period.

4. In the final period after convertibility the main question was whether OEEC could or should provide a means for developing a stricter set of trade rules, which they would enforce among themselves, than those which GATT would provide. Here Marjolin referred to the limitation on the development of strict trade rules in GATT due to the position of underdeveloped countries etc. Another related preoccupation of some European countries in connection with the final period was the possible emergence of extreme creditors (i.e. the U.S.). He was sceptical of the implementation of the IMF scarce currency clause. If this IMF clause could not be made to function it was difficult to imagine satisfactory solutions. It was possible, but most undesirable that European countries might simply be forced to discriminate illegally, or they might be forced into a general retreat from liberalization and a return to bilateral arrangements.

5. It was most important that these problems should be given some thought in OEEC before negotiations in the GATT solidified into final texts. He pointed out that there was not at present any specific mandate for a consideration of these problems although the Ministers had provided for their study in para 6 of GMC(54)6. *M. Ockrent* (Benelux) proposed that work should be undertaken as soon as possible on the preparation of OEEC trade rules appropriate for the transitional period when the European Fund would come into operation. He clearly emphasized that the new OEEC rules would have to be in conformity with the new GATT rules, but they would also permit a higher and stricter level of enforcement than would, in his view, be possible in GATT.

6. *Ockrent's* idea, of course, is that OEEC, with stricter trade rules to enforce, would become the operative organization in European trade matters during the transitional period. If this were accepted the OEEC would, on the financial side, have a European Fund to operate and on the trade side, a set of trade rules. Thus, the future of OEEC would be assured at least for the transitional period — and transitional periods have a habit of prolonging themselves.

7. *Ockrent* also has views — though less explicit ones — on the final period. He would like to have a set of OEEC trade rules which would become operative for Member countries only when they invoked one of the GATT escape clauses. The Belgian (and Swiss and Scandinavian) view is that the revised GATT will have such wide escape provisions that almost any country will, if it wishes, be in a position to invoke one of them. If there is large scale invocation of escape clauses in GATT among European countries and there are no OEEC trade rules to fall back on to handle the day to day problems of European trade, the derogating countries will find themselves "in the void". Therefore, the Belgians, who have little faith in GATT, wish to study the question of "second string" trade rules as soon as possible *pari passu* with the review session of GATT.

8. *Bauer* (Switzerland), *Cattani* (Italy), *Müller-Armack* (Germany) and *Calvet* (France) supported Ockrent's proposals for preparatory work on the OEEC trade rules.

9. *Rowan* (U.K.) intervened to point out why it was difficult for his Government to agree to proceed in the near future with negotiations on the revision of the OEEC code. (He took it that the Belgian proposal referred specifically to the transitional period). In the first place the U.K. could not carry on two sets of trade negotiations at the same time (i.e. in GATT and OEEC) as the same people would be involved. Secondly, he felt that any serious work on the OEEC Code appropriate for the transitional period would have to await the results of the review session of GATT. The U.K. was, however, in full agreement that this work should be done at the right time and they attached as much importance as other European countries to the maintenance of the OEEC Code in an appropriate form during the *transitional* period.

10. *Christiansen* (Denmark for Scandinavia) raised the question of the problem of extreme creditors during the transitional period. Having failed to make any headway in dealing with this problem in the context of the proposals for the European Fund (see our Letter No. 3046 of October 18)† he proposed that special considera-

tion be given to the position of extreme creditors in connection with the OEEC trade rules appropriate for the transitional period. He had in mind provisions requiring extreme creditors to relax their import policies.

11. *Müller-Armack* (Germany) spoke against this Scandinavian proposal. *Rowan* (U.K.) pointed out that after convertibility is introduced countries will have to look at their balance of payments in their totality and not on a regional basis. It was therefore not possible to consider regional trade rules which would discriminate against countries with, presumably, regional extreme creditor positions. It was well known that the U.K. had made proposals for dealing with the question of extreme creditors in the final period, namely that the IMF should operate under Article 7(3) and not Article 7(1) of its articles of agreement (the scarce currency article). This would tend to tighten the provisions. He saw no acceptable regional method of carrying out the Danish objectives in the period after convertibility.

12. It was finally decided that it would not be appropriate to give special mandates for studying the OEEC Code at the present time. *Marjolin*, however, pointed out that arrangements had been made for the closest liaison between the GATT and OEEC during the review session (see our letter No. 2848 of September 29).† Under these arrangements a special group, composed mainly of chairmen of the principal committees concerned with trade and payments, has been constituted to watch developments in GATT and their implications for OEEC. This group could bear in mind the questions of the future revision of the OEEC Code and its application in the transitional period. If problems arose during the course of the review session, they could be brought to the attention of the OEEC Council at short notice. The Deputies felt that these arrangements for close liaison were satisfactory.

13. The implications of this debate are of some interest. It gave an explicit indication that the European continental countries, although they have not been given a chance to discuss the organizational question (see our letter No. 1737 of June 4) since last June, have nevertheless kept their former ideas on the necessity of preserving for OEEC, in the transitional period and if possible afterwards, some effective control over trade policy. Specific problems in this connection may emerge in Geneva and Paris during the review session.

L.D. WILGRESS

DEA/4901-F-40

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La délégation permanente auprès du Conseil de l'Atlantique Nord et l'OECE au sous-secrétaire d'État aux Affaires extérieures

Permanent Delegation to North Atlantic Council and OEEC to Under-Secretary of State for External Affairs

LETTER NO. 3087 Paris, October 22, 1954

CONFIDENTIAL

Reference: Our Telegram No. 757 of Sept. 28;† SBC(54)18.

DEPUTIES OF OEEC EXAMINATION GROUP ON CONVERTIBILITY OCT. 13-15

Liberalization of Impediments to Intra-European Trade

In discussing this subject the Deputies had before them a draft Steering Board report which, when in its final form, will be presented to the next Ministerial Council probably in December. The draft report SBC(54)18 described the progress which the Steering Board has made on various impediments to Intra-European Trade: QRs, Customs tariffs (see our Letter No. 3050 of October 18)† and State trading.

2. The Deputies had only to take note of this work, but the occasion was used by low tariff countries, viz. Benelux and Scandinavia to insist on the importance of linking future reductions in QRs to freer tariff policies. We also used the occasion to make a statement indicating our approval of the Steering Board's draft proposals for new measures of intra-European liberalization as an important step toward the final achievement of convertibility. A copy of our statement is attached. In making this intervention we had in mind the desirability of balancing a later statement on dollar import restrictions with an indication of our interest in other aspects of the Organization's progress in dealing with trade impediments. As you will see from our statement, we also felt it would be useful to counteract the growing tendency for European creditors to insist on full reciprocity when their reserve positions justify more liberal commercial policies which would serve to prepare their economies for moves toward the wider system of trade and payments.

3. *Shearer*, the U.S. Representative, also pointed up the importance his government attached to new measures of intra-European liberalization. He also took advantage of the occasion to pass on some elements of a conversation he had had the previous day with Mr. Clarence Randall (who, he said was in Paris on "private" business — he refused to be drawn out on what the private business was. You may recall that Randall made a private trip to Paris in advance of the European hearings of the Randall Commission[11] to discuss its work). Shearer's intention was to counteract the impression which many European representatives brought away from the recent IMF Meetings, that the Administration in Washington was losing interest in the Randall Commission's recommendations and the legislation required to implement them. Privately, Shearer attributed this "false" impression to the ineptitude of people like Burgess and Waugh.

4. *Shearer* had received Randall's permission to quote him to the effect that the recommendations of the Randall Report were to receive a "first priority" in the 1955 session of Congress. Randall, himself has been retained to help in the work, and he will help prepare the economic sections of the President's message to Congress and the hearings thereafter. Shearer also passed on an interesting bit of gossip

[11] Le 14 août 1953, le président a nommé Clarence B. Randall pour diriger la Commission de la politique économique étrangère. Le rapport de la Commission a été présenté au président Eisenhower et au Congrès le 23 janvier 1954. Voir/On August 14, 1953, the President appointed Clarence B. Randall to chair the Commission on Foreign Economic Policy. The Commission's report was transmitted to President Eisenhower and Congress on January 23, 1954. See United States, Department of State, *American Foreign Policy, 1950-1955, Basic Documents*, Volume II, Washington: U.S. Government Printing Office, 1957, pp. 2898-2930.

on the manner in which the decision was taken (at a White House breakfast) not to proceed with implementing legislation this year. He said that Eisenhower had indicated that he was willing to put the whole force of the Administration behind the implementing legislation during the then current session. It was on Randall's advice that he decided to postpone it in order to give time for adequate hearings and to build up public opinion. Shearer stressed that there was no change in the Administration's desire to implement the recommendations of the Randall Report.

L.D. WILGRESS

[PIÈCE JOINTE/ENCLOSURE]

Déclaration du représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE

Statement by Permanent Representative to North Atlantic Council and OEEC

MEETING OF DEPUTIES OF THE MINISTERIAL EXAMINATION GROUP ON CONVERTIBILITY, OCTOBER 13-15

Item IV(1) — *Increase in Liberalization SBC(54)18*

Mr. Chairman,

It is with much regret that the Canadian Government has learned over the past few months of the hesitations and fears of some Commonwealth and European countries in connection with the bold and clearcut steps which we felt were timely, appropriate and necessary if full advantage were to be taken of the current situation — a situation which favours concrete moves toward a wider system of trade and payments.

Because of the slackening of the sense of urgency about taking these broad decisions, it is more than ever necessary that the impetus toward creating the ideal conditions, in which the broader decisions become obvious, should not be slackened. The present conditions of general expansion in Europe, the increasing reserves of the EPU area as a whole, the indications of a resurgent economy in the United States and Canada provide the basis for new and far-reaching preparatory steps to a wider system. It is unthinkable that the opportunity which now presents itself should be lost.

It is therefore with great satisfaction, Mr. Chairman, that we have read the suggestions of the Steering Board for increased liberalization in Europe and the proposals regarding future consideration of the other important impediments to the free exchange of goods. It is our hope that these proposals will meet with support.

We should like to say a few words about Quantitative Restrictions and the regional bargaining system which has been in operation since the Liberalized Code was established. During the period when reserves in Europe were generally low, it was understandable that Member countries should weigh carefully the trade advantages which they might expect to receive from other countries against those which they might offer to them. It was also understandable that less consideration was given to the beneficial internal effects for a country which granted freer access to

its market. Now, however, some countries with measurably stronger reserves and balance of payments positions might do well to consider closely the advantages of moving more quickly than strict reciprocity would permit.

It may be well to remember that economic leadership is required in Europe as well as in North America. Countries in more advantageous positions in Europe have a key responsibility, proportionate to their trade responsibilities, but none the less real, in maintaining the impetus of the move toward the wider system.

It is our view that new measures of intra-European liberalization, as a first objective, are an important and urgent preparatory step toward the achievement of full convertibility. These measures must, of course, be taken in step with others directed at the elimination of discrimination — and we shall have more to say about this matter later. In order to take full advantage of the present favourable economic climate, it is our hope that, in the field of quantitative restrictions, the old bargaining procedures of enforced regionalism may give way to some degree to new and broader approaches so that full advantage can be taken of the current possibilities for trade liberalization.

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DEA/4901-F-40

La délégation permanente auprès du Conseil de l'Atlantique Nord et l'OECE au sous-secrétaire d'État aux Affaires extérieures

Permanent Delegation to North Atlantic Council and OEEC to Under-Secretary of State for External Affairs

LETTER No. 3320

Paris, November 11, 1954

CONFIDENTIAL

Reference: Document GMC/M(54)3(Prov.), Nov. 2, 1954.

RELATIONSHIP BETWEEN THE CODE OF LIBERALIZATION AND THE GATT RULES

You will recall that one of the subjects discussed at the meeting of the Deputies of the Ministerial Examination Group on Convertibility last October 13, 14 and 15, was the relationship between the Code of Liberalization and the GATT rules. Following this discussion, however, no mandate was given to any body of the Organization to study the problem. The U.K. position on the relationship was that the GATT rules should be worked out first and then OEEC should consider the relationship of its own Code to the GATT rules. The continental countries on the other hand feel that both should be studied at the same time and that provision should be made in the GATT rules for the continuation of the OEEC Code in the transitional period, and perhaps in the period after the full application of the GATT rules although this has never been made clear.

2. At the meeting of the OEEC-GATT Co-ordination Group on November 3, this question was raised again and it was decided informally that Baron Snoy, who attended the meeting, should, in his capacity of Chairman of the Steering Board, bring the matter to the attention of that body.

3. The Steering Board which met on November 4, 5 and 6, was seized with the question of the relationship between the Code of Liberalization and the GATT rules and at the insistence of the Belgians, drew up a short report — C(54)292 (six copies are attached) setting out its views on the matter. Paragraph 3 of the report reads as follows:

> In the event of the strengthening of the GATT Rules prohibiting before the expiry of any adequate transition period all discrimination between Member countries and the CONTRACTING PARTIES, the OEEC Member countries might find themselves faced with the following dilemma: either they would be compelled to withdraw from intra-European liberalization because they would be incapable of extending the same measures to all the other CONTRACTING PARTIES to the GATT, or they would be placed in an illegal situation with regard to the GATT Rules. To forestall this danger, the Board considers that very close liaison should be maintained between the GATT and the OEEC so that the special position of countries which are members of both OEEC and GATT could, if necessary, be taken into consideration in the new GATT Rules. It is the Board's conviction that the strengthening of the GATT Rules ought not to result in losing the advantages gained and in causing a setback to European trade, as would almost certainly be the case if those Rules made no provision for the position of the OEEC Member countries, not all of whom would probably be able to extend the whole of the liberalization measures taken in Europe throughout the world and in particular to North America, until after the elapse of a sufficiently long transition period.

4. The report was presented to the Council at short notice on November 9, and the Benelux, Swiss and German Delegations fought hard to have it accepted without delay on the grounds that the Board was merely suggesting that the Council should appeal to Member Governments, if necessary, to give requisite instructions to their Delegations at GATT in order to forestall the dangers mentioned in para 3. Ellis-Rees, the Chairman, was not prepared to discuss the paper on such short notice but it was agreed that a Council meeting would be called on Friday, November 12, to do so if any Delegation felt unable to accept the text.

5. The urgent attention given to this subject in the Steering Board coupled with the attempt of the Belgians and the Swiss to rush it through Council in order that it might influence GATT Delegations of OEEC countries, is an indication of the strength of the continental countries' desire to maintain all the advantages of regionalism when the move to convertibility takes place. They are not as yet prepared to accept the principle that convertibility may imply some change in trade patterns. They are certain to do their utmost to prolong the transitional period for as long as possible and to endeavour to retain as much authority over trade rules in OEEC as possible.

K.J. BURBRIDGE

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DEA/4901-F-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council and OEEC to Secretary of State for External Affairs

TELEGRAM 1000

Paris, November 18, 1954

CONFIDENTIAL

Reference; Our letter No. 3320 of November 11; C(54)292; L/271.
Repeat London No. 162; Washington No. 64.

OEEC/GATT RELATIONS DURING REVIEW SESSION

Mr. Hooton was in Geneva for a meeting of GATT delegations of OEEC countries on Saturday, November 13. The purpose of the meeting was to exchange views on the policy of OEEC in relation to the revision of the general agreement. Mr. Cohen (United Kingdom) was in the Chair.

2. As an introduction, Mr. Lintott (OEEC Secretariat) outlined the work which was currently being undertaken by OEEC which is closely related to and affected by the revision of GATT. We have reported fully on these matters in previous communications.

3. Mr. Suetens (Belgium) then introduced the main subject for discussion — that of the relationship between the OEEC liberalization code and the trade rules of the general agreement. He referred to paragraph five of the amendment to GATT Article XII, which had been prepared by the Benelux Ministers (L/271). The object of this amendment would be to enable OEEC countries to apply among themselves stricter trade rules than might be agreed among GATT countries. The Benelux countries felt that although this amendment was primarily appropriate for the transitional period it might also apply to the permanent period when there might be motives for envisaging a special system for the OEEC group of countries. He emphasized, however, that the Benelux countries had no wish to establish a closed system of preference and their wish was to extend the benefits of regional negotiations to non-members as well as member countries of OEEC.

4. Mr. Larre (France) envisaged two possibilities:

(1) To revise GATT Articles XII and XIV, making them rigid for all contracting parties. He felt, however, that there was little likelihood of the 35 GATT countries reaching an agreement and there was a danger that an attempt to liberalize in GATT on a world-scale would lead to a multiplicity of escape clauses and waivers;

(2) To maintain the GATT provisions substantially unchanged and to focus efforts towards increased liberalization of the OEEC. The OEEC countries were already far advanced on the way to liberalization. It might be desirable to try to build on this successful nucleus and to try to add to the number of countries participating in the OEEC and extend the scope of its liberalization.

5. Although the first alternative was more universal and consequently more satisfactory from the point of view of principle, the second was more realistic and was the one favoured by France. The French Government was prepared to discuss the review of GATT by either method but in practice they would favour the Benelux proposal.

6. Mr. Christides (Greece) and Mr. Ferlesch (Italy) also spoke in favour of the Benelux proposal.

7. Mr. Cohen (United Kingdom) tried to get the meeting to distinguish between the two periods envisaged in the move towards convertibility:

(1) The current and transitional period;

(2) The permanent period. During the current and transitional period, all OEEC countries were agreed that there should be no reduction in liberalization in Europe. This had been agreed by the ministerial examination group in July and elaborated in the Steering Board Paper, C(54)292, recently confirmed by the OEEC Council. The manner in which the present provisions of GATT were applied gave OEEC countries the amount of freedom they required. The amendment suggested in paragraph five of Benelux proposal would thus be necessary in the transitional period only on the hypothesis that the present GATT rules were tightened up.

8. With regard to the permanent period, problems that would arise in OEEC called, as the Steering Board Paper pointed out, for a study in that organization before it would be possible for the OEEC countries to take a position in GATT. The OEEC would have to consider the extent to which, if OEEC wished a discriminatory code for the permanent period, they would need to provide escape clauses in the GATT. In the United Kingdom view no such clauses were needed; the minimum standard applied to OEEC member countries to each other would be such as could be extended to other countries. It was necessary to reemphasize, however, that there was as yet no firm OEEC position on the permanent period. It would be a mistake to let the position become crystallized in the GATT to a point where Ministers would repudiate positions taken. It was important, however, not to take up positions in advance of the decisions by the Ministers in Paris.

9. The next OEEC ministerial meeting is in mid-January.

10. With regard to the transitional period, it was agreed that the present rules of GATT were adequate to permit continued progress in OEEC on liberalization; if there were no proposals to change them (i.e. tightening them up) there would be no need to introduce the escape suggested by Benelux. (Mr. Suetens agreed with this). If, however, they should be tightened, an escape clause on the lines suggested by Benelux might be necessary.

11. With regard to the permanent period it was agreed OEEC in Paris should proceed to consider whether member countries should limit themselves, in their code, to non-discrimination in their trade with one another or should extend the benefits to all contracting parties. They should also consider what limitation they should apply in their trade with one another and how far they could afford to have discrimination in import programmes in the context of convertibility when there would be strong reasons for adopting non-discriminatory trading policies. It was agreed that until the OEEC Ministers, at their meeting in January, had given clear instructions

regarding the long-term trade rules there could be no common OEEC line in the GATT and that countries would have to act on their own initiative. It was also agreed that, in the meanwhile, the GATT should not be precluded from coming to grips with the issues involved.

12. There are two important implications of the conclusions of the meeting. Firstly, the United Kingdom succeeded in narrowing down the problems relating to the relationship between OEEC and GATT rules to one specific point; the question of regional discrimination in the final period. Secondly, the question of deciding whether the OEEC as an organization can arrive at a common view on the question of discrimination in the final period is one which must be decided in OEEC. The United Kingdom has gained the assurance of Benelux that they will not press their amendment in GATT until the OEEC Ministers have taken a decision on the issue. The debate on this question will go on simultaneously in Geneva and Paris and we have made arrangements to keep in close touch with our GATT delegation so that we can take a similar line in both organizations.

13. It was decided to hold another meeting of OEEC delegations in Geneva in the middle of December.

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DEA/9100-AO-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council and OEEC

TELEGRAM 942

Ottawa, December 6, 1954

CONFIDENTIAL. IMPORTANT.

Reference; Your Telegram No. 1030 of November 23† and Document GMC(54)13.†

Repeat London No. 1864; Washington EX-2247; CANDEL Geneva No. 33.

OEEC/GATT RELATIONS DURING REVIEW SESSION

In general we agree with you that the draft report is a good one. It follows quite closely the British approach, with which we are pretty much in agreement. There are, however, one or two points in the report about which we are not entirely happy. In one instance we feel that the unequivocal language of the British paper has been rephrased to satisfy some of the more restrictionist Europeans, thereby losing some of its "positiveness".

In other cases, while it is difficult to take exception to the actual wording, it is apparent that the Working Group has attempted to plaster over some rather wide divergences of opinion. We foresee that in the course of the debate the underlying differences in basic approach will become even more apparent. In these circumstances, if an attempt is made to get an agreed line, we fear that there will result a further watering down of the principles.

We believe that you have at one time or another been adequately briefed on all of the points covered in the draft report. However we do think it might be useful for you to have our views on these points in the report where we have some doubts:

(1) The last sentence in para. 5 is so worded that it could be interpreted as covering with a general blessing not only the worthy aim of extending world-wide liberalization of trade to the same degree that has been reached on an intra-European basis within OEEC, but also the less worthy Belgian position as reported in para.3 of your telegram 1000 of Nov. 18. As you know, our position is that after the termination of a transitional period after C-day, the trade rules should permit no discrimination, except such as may be authorized under a scarce currency clause. The transition from intra-European to world-wide trade liberalization is bound to have some effect on the pattern of European trade, but we could not agree that this is a sufficient reason for delaying the transition.

Later paragraphs in the report (e.g. paras. 8 and 11) are more positive in stating that the complete removal of discrimination is necessary, but even these more positive statements are qualified perhaps to an unnecessary extent, for example, para. 12 talks of the necessity for a transitional period after C-day during which discriminatory restrictions would be removed, but makes no mention of the desirability of dismantling as many of these q.r's as possible before C-day in order to make the ultimate step to convertibility as easy as possible.

The concern of the U.S. Delegation about a waiver by GATT for the French import tax, reported in para. 5 of your telegram 1043 of Nov. 25† is another example of what we think is an unsatisfactory attitude towards European liberalization. We have, as you know, not objected to the increased discrimination against us involved in the OEEC countries liberalizing imports from each other without at the same time liberalizing imports from Canada. However, the French tax worsens not only our relative but also our absolute position in the French market. In a sense, it pushes onto Canada and other non-European countries part of the costs of France allowing the import of more European goods. We do not regard intra-European trade realization as so important an objective that we are willing to accept this position.

In summary, although it would be difficult to take issue with the actual wording of the draft report, we are not convinced that all the member countries of OEEC are going to interpret the words in the positive manner we would like to see.

(2) We do not consider that the draft report deals adequately with the problem of bilateral agreements. As we see it, some provision for bilateral agreements in the permanent trade rules is probably necessary because of the particular methods of state trading employed by the Soviet bloc. But any provision must exclude the possibility of discrimination.

The great danger is that some countries will try to extend any provision for bilateral trading to permit them to make bilateral arrangements where they are not dictated by necessity, as in the case of the Soviet bloc. European countries have a tendency to argue that bilateral arrangements are necessary with Latin America, for example. We believe that if they refused to agree to such bilateral arrangements the Latin American countries would be isolated and would have to accept a multilateral

system of trade. The French attitude towards bilateral trade is particularly retrograde, but they are not the only offenders.

We are afraid that para. 20 of the draft report is unduly soft. It is apparent that there has been an attempt to reach a compromise with the French. But we feel that the French will not be satisfied and that the real case against bilateral trading will have been weakened by this unsuccessful attempt at compromise.

(3) The sentence in square brackets in para. 43 of the draft report seems to suggest that there has been a further weakening in the British attitude towards flexible rates. Our opinion is that convertibility without flexible rates is not likely to be successful, at least as far as the U.K. is concerned, and we therefore deplore this growing tendency to think in terms of fixed rates. However, this is very delicate issue, and we do not consider it advisable to express an opinion at this time and in this context.

(4) We are interested to see in para. 45 further evidence of a desire on the part of European countries for some method of bringing collective and formal pressure to bear on the U.S. to adopt good creditor policies. Presumably the Europeans hope that some scheme can be worked out in connection with the rearrangement of relations between GATT and the IMF which will give them the right to review the policies of creditor countries, as is done in OEEC, to make recommendations to those countries for modifications in their policies, and as a last resort to give formal blessing to discrimination on scarce currency grounds.

We do not intend that these comments should necessarily be used as the basis for interventions by you. In the case of point (3) (exchange rates) we consider that it would be most inappropriate for any Canadian intervention to be made. The ideas referred to in point (4), particularly on the organizational side and on the way in which the scarce currency clause would be operated, have not crystallized sufficiently to make it appropriate for us to make any comments in the OEEC forum. We will leave it up to you to decide whether interventions in connection with discrimination and bilateral trading would serve any useful purpose.

It seems apparent that in this report on convertibility an attempt is being made by the Europeans to reach some measure of agreement on the positions which they should collectively adopt in the GATT meetings in Geneva. The real discussions on the substantive points in the report will take place in GATT, and we prefer to make our stand in the wider and, we consider, more appropriate forum. If it would help the Europeans in clarifying their own thinking to know the Canadian position, we would have no objection to your reporting to them the position taken by our Delegation in Geneva on the points covered in the draft report. But we do not want you to get drawn into a drafting debate in OEEC.

657. DEA/4901-F-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council and OEEC to Secretary of State for External Affairs

TELEGRAM 1115 Paris, December 9, 1954

CONFIDENTIAL

Reference: Your telegram No. 942 of December 6; GMC(54)13.
Repeat London No. 175; Washington No. 76.

DEPUTIES OF MINISTERIAL EXAMINATION GROUP ON CONVERTIBILITY, DECEMBER 7-8

The Deputies meeting was entirely devoted to a paragraph by paragraph consideration of GMC(54)13, containing the ministerial examination group's report to the OEEC Ministerial Council. We are reporting by letter on some of the more important positions taken in the discussion. A drafting group will meet next week to redraft the report in the Light of Deputies comments.

2. With regard to commercial problems, the most important debate centred on the question of discrimination in the period after the full application of the new GATT rules. The Steering Board had given preliminary consideration to this point during the previous week but had not reached any final conclusion. You will recall that this question had been referred back to OEEC for decision by the meeting of OEEC representatives in Geneva on November 13 (see our telegram No. 1000). No progress was made at the Deputies meeting; it was decided to await the final views of the Steering Board which meets again on December 21.

3. The United Kingdom, United States and we gave strong statements indicating that a provision for regional discrimination after full application of GATT rules was unacceptable. The continental countries led by France, Benelux and Switzerland spoke strongly in favour of a statement in para 17 which provides that, "the code should continue to regulate the conduct of trade between member countries after the re-establishment of convertibility and until equally stringent rules of worldwide application have come into force". The United Kingdom wished to replace the words "equally stringent" by "effective". The continental countries have not retreated from their firmly held view that a provision for regional discrimination under certain circumstances should be written into the permanent GATT trade rules. We doubt whether the Steering Board will be able to resolve this point finally and it may be that OEEC as an organization will not, as had been hoped, be able to adopt a concerted view on it at the review session.

4. In view of your instructions, we did not enter into the drafting debate but we did make a statement pointing up the importance of securing strong GATT rules and the consequent desirability of OEEC countries giving every support to this end in Geneva. We coupled this point with a statement of our position on discrimination

in the final period and the reasons why it was unrealistic to seek to provide for regional discrimination in a convertible world when effective worldwide rules are fully operative.

5. *Calvet* (France) took a very active part in the debate. He regarded the commercial section of the report as useless in that it attempted to summarize in a few paragraphs and in loose language, problems which are the subject of the closest negotiation in Geneva. He reserved the French Government's position on the entire section and said he could give only general approval to its contents. The purpose of most of the French interventions was to preserve complete freedom of movement for their GATT delegation.

6. On the payments section the most interesting debate centred on the question of exchange rates. The United Kingdom insisted that its views on exchange rate policy *not* be included in the report in view of political and economic repercussions. Rowan gave the United Kingdom view that exchange rate policy was one for individual decision and not for concerted and agreed policy. The United Kingdom intended to retain its freedom of action to allow the rate to fluctuate but it was the intention of the United Kingdom Government, although they were not prepared to accept any commitment, to maintain a relatively stable rate. This view did not meet with the approval of the continental countries which were unanimous in their wish for a commitment to maintain fixed rates. The continental countries insisted that they be permitted to state this view in the report.

7. A debate of less interest to us developed over the method of transferring the residual assets of EPU on liquidation to the proposed European fund. This is a highly technical question which involves points of equity in sharing the burden for the provision of resources of the new fund. Different countries are favoured under different possible methods. The main question of principle is whether the union should be liquidated according to previously agreed provisions or whether at some level the union's creditors should renounce their rights to the residual assets and agree to their transfer to the European fund. The Ministers in January will have to take a decision on this point — or agree to leave the question open for further study by the Managing Board.

8. The debate on organizational questions was very brief as the Deputies were pressed for time. There was agreement that the presentation in Section III was, in general, suitable for presentation to Ministers as a basis for discussion. Although the Ministers made specific decisions on trade and payments questions last July, they have not as yet made any pronouncements on the organizational problem. It was therefore felt that it was not essential for the Deputies to attempt to prejudge the ministerial discussion on this issue.

9. A drafting group will meet next week to consider a redraft of the report. It is hoped that it will not be necessary to bring the Deputies back to Paris before the ministerial group meets on January 12. If there are insoluble objections to the new draft, however, the Deputies may have to reassemble early in January.

658. DEA/4901-F-40

Le représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE au secrétaire d'État aux Affaires extérieures

Permanent Representative to North Atlantic Council and OEEC to Secretary of State for External Affairs

TELEGRAM 1181 Paris, December 27, 1954

CONFIDENTIAL

Reference: Our telegram No. 1115 of December 9.
Repeat Geneva No. 17.

DEPUTIES OF MINISTERIAL EXAMINATION GROUP IN CONVERTIBILITY

The Working Group of the Ministerial Deputies on Convertibility met on December 15 and 16, and with considerable difficulty produced a revised report (GMC(54)13 second revision) of which six copies have been sent to you by air bag on December 27 under cover of transmittal slip No. 3804. This text will not be considered again by the Deputies, but will go direct to the Ministerial Group on Convertibility meeting January 12.

2. The chief points of dispute were the following:

(a) Trade rules after convertibility (para 10).

(b) The elimination of quantitative restrictions (para 14).

(c) Scarce currencies (para 17).

(d) Exchange rate policies (para 23).

(e) Duration of the European Fund (para 31).

(f) Resources of the European Fund (para 35).

3. The positions taken by the various delegations on these points did not change from those described in our telegram under reference and in our letter No. 3717 of December 16.† France put in a reservation of paragraphs 11 to 15 inclusive (trade rules, elimination of quantitative restrictions, and reduction of other barriers). Switzerland reserved its position on the scarce currencies.

4. The most difficult compromise of all turned out to be that on scarce currencies (para 17) because the United Kingdom delegate, acting on very rigid instructions, insisted that the scarcity of a currency which would entitle a country to adopt discrimination must be related to world shortage and not to a declaration of scarcity based on the inability of the I.M.F. to supply that currency. The United States was equally insistent that the right to discriminate must be subject to the currency having been declared scarce under international rules. These two attitudes obviously have relation to the present discussions of the position and functions of the I.M.F. with which you will be more familiar than we. The text finally adopted set out the disagreement.

5. The paragraphs on trade rules which were of particular interest to us, have been considerably watered-down. The question of the relation between GATT and OEEC

rules is now dealt with as follows: "The code should continue until trade rules, of such a kind that their coming into force does not involve a retrogression in the liberalization of trade between member countries, have been agreed on a world-wide basis". This text is not wholly satisfactory, but seems to be the utmost that the European countries are prepared to accept.

6. The elimination of quantitative restrictions is dealt with in paragraphs 13 and 14. Paragraph 13 states that "The objective must be to get rid of all restrictions unless there are balance of payments emergencies such as would genuinely warrant recourse to the escape clauses". Paragraph 14 goes on as follows: "This is not, of course, to say that every kind of quantitative restriction will be removed. Special exceptions may be permitted by international agreement but, apart from these, the objective must be that defined in paragraph 13 above. It would be unrealistic, however, to assume that all countries could agree to remove their restrictions immediately one or more major currencies became convertible, since this change would necessarily involve important readjustments in their economies. It would be more practical, therefore, for countries to agree that they will work progressively towards the establishment of the new régime by removing quantitative restrictions not covered by the special exceptions mentioned above over a period which should not be unduly long, and that they will collaborate internationally, so as to make the new principles fully effective at the end of that time."

7. You will note that the period during which countries are to work towards the removal of quantitative restrictions is not now specifically limited, it being said merely that such a period should not be "unduly long".

8. In accordance with your instructions we did not enter into the drafting debate on this report. If you wish us to make a statement when the report comes up for consideration again, we should be grateful for your further instructions well before January 12 when the ministerial group will meet. Participation in the debates and drafting sessions so far indicates that there is very little possibility of securing any major revision in the text. We would suggest therefore that if any Canadian statement is to be made it should be on general lines only.

SECTION B

ACCORDS COMMERCIAUX AVEC L'ESPAGNE ET LE PORTUGAL
COMMERCIAL AGREEMENTS WITH SPAIN AND PORTUGAL

659. PCO

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

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 31-54 [Ottawa, n.d.]

CONFIDENTIAL

PROPOSED TRADE NEGOTIATIONS WITH SPAIN AND PORTUGAL

Consideration was given by Cabinet last December to the visit of an official Canadian Government trade mission headed by the Minister of Public Works to Portugal, Spain, Italy, and Greece. The question arises as to what preparations should be undertaken in advance of such a visit to facilitate the improvement of trade relations with the countries concerned, and in particular to increase salt cod exports to these countries. The present Memorandum indicates that there exist possibilities of improving Canada's trade relations with Portugal and Spain and of expanding the opportunities in those markets for exports of Canadian salt cod.

2. Since 1952, when facilities for the sale of Newfoundland salt cod in payment for sterling came to an end, Newfoundland's salt cod exports to the Mediterranean markets have been on a dollar basis and have faced increasing difficulties. Newfoundland salt cod sales to the Mediterranean markets which, prior to Confederation, represented over 40% of Newfoundland's salt cod exports, have declined sharply in recent years due largely to import and exchange control measures maintained by those countries. Shipments to the Mediterranean area fell from 47.5 million lbs in 1950 to 16.5 million lbs in 11 months of 1953.

3. While the fishing industry of Newfoundland is gradually being diversified, about two-thirds of all fishermen (involving about 20% of the total population) are still dependent on the production of salt cod. Further, the loss in the Mediterranean markets has the effect of diverting salt cod shipments to the Western hemisphere markets and results in a weakening of prices for salt cod for all Eastern Canada.

4. In an effort to maintain salt cod exports to the Mediterranean area, the Canadian Government has:

(1) Used its good offices in recent years to assist the trade in its private negotiations with Portuguese importers and licensing authorities;

(2) Entered into a special understanding with the Spanish Government in 1952 for the establishment of an exchange quota for the purchase of Canadian salt cod in return for removal of the Canadian duty on olives;

(3) Conducted annual negotiations with the Italian Government for the allocation of dollar exchange.

While these ad hoc measures have helped to market salt cod, they have failed to achieve an adequate volume and to provide an assured basis for this trade, and have not prevented uncertainties each year during the season when shipments are made.

5. The problem for salt cod exports is somewhat different in character in each of the Mediterranean countries. In the case of Italy and Greece there would appear to be no particular opportunity for formal trade negotiations at this time. It is considered, however, that the difficulties in Portugal and Spain stem largely from governmental regulation in those countries and that the position for Canadian salt cod exports might be improved through intergovernmental negotiations.

6. The objective of the proposed negotiations with Portugal and Spain would be to sell more salt cod in these markets. At this stage, it is felt that the first objective in Portugal and Spain should be to obtain commitments for the non-discriminatory treatment of Canadian salt cod. Failing this, the objective should be to obtain commitments for an adequate minimum import quota for Canadian salt cod on a continuing basis.

7. It is proposed that these objectives should be combined with the negotiation of new direct trade agreements with Portugal and Spain to replace the pre-war United Kingdom Treaties which now govern Canada's commercial relations with these countries. On general grounds it is considered desirable to secure independent and improved trade agreements with these countries providing, of course, that they are willing to enter into formal trade agreements with Canada. Furthermore, the recent establishment of diplomatic relations between Canada and Spain and the conclusion of United States economic agreements with Spain would make this an appropriate time for reviewing Canadian-Spanish commercial relations. While most-favoured-nation tariff treatment is exchanged under the present Treaties, certain Spanish colonies in Africa and the Portuguese colonies in Africa and Asia are not covered by the terms of these Treaties, and imports into Canada from these possessions are subject to General Tariff rates. The proposed trade agreements with Portugal and Spain (including their overseas territories) would be along standard most-favoured-nation lines, and would include provisions for the non-discriminatory treatment as between imports from dollar sources.

8. In addition to the extension of most-favoured-nation treatment to the colonies, Canada can offer Spain and Portugal new tariff concessions on some of their principal exports to Canada. These are items such as olives, olive oil, cork and cork products, almonds, anchovies, and spices. While these commodities are not of special importance in Canada's trade and are not competitive with domestic products, it is felt that they would provide an adequate basis for the kind of negotiations contemplated and that they would be of substantial interest to the countries concerned. In most of these items Spain and Portugal are our chief suppliers — they are not items therefore which have must value in GATT negotiations (neither Spain nor Portugal is a member of GATT).

9. The extension of most-favoured-nation treatment to the colonies, while not of much interest to Spain, would be a valuable concession to Portugal. The difference

between the General Tariff rate and the most-favoured-nation rate is significant on a number of the products of the Portuguese colonies such as coffee, copra, cocoa, and nuts. Since Canada imports these items in substantial quantities from other countries receiving most-favoured-nation treatment, it would seem that the granting of similar treatment to the Portuguese territories would open up considerable opportunities for them to sell in this market.

Recommendations

(a) In view of the above considerations, it is recommended that Cabinet authorize the initiation at an early date of negotiations for trade agreements with Portugal and Spain along the lines proposed, and that an initial approach to these governments should be made through our Missions in Lisbon and Madrid. (The location of any subsequent negotiations would be determined in consultation with the Spanish and Portuguese authorities to suit the convenience of the participants.)

(b) In addition, it is recommended that representatives of the Departments of Fisheries, Trade and Commerce, Finance, and the Department of External Affairs should be responsible for the conduct of such negotiations under the chairmanship of the representative from the Department of External Affairs.

It is understood that Cabinet will be kept informed of the progress of these negotiations and that if it should appear necessary at a later stage to depart from the principles outlined in this Memorandum, the matter will be referred to Cabinet for further instructions.[12]

L.B. PEARSON

Concurred in:

C.D. HOWE
Minister of Trade and Commerce

D.C. ABBOTT
Minister of Finance

J. SINCLAIR
Minister of Fisheries

[12] Approuvé par le Cabinet le 3 février 1954/Approved by Cabinet, February 3, 1954.

660. PCO

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

Memorandum from Acting Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 134-54 [Ottawa], May 20, 1954

CONFIDENTIAL

TRADE AGREEMENT WITH SPAIN

At its meeting on February 3rd Cabinet approved a recommendation submitted by the Secretary of State for External Affairs with the concurrence of the Ministers of Trade and Commerce, Finance and Fisheries that negotiations for trade agreements with Portugal and Spain should be initiated and that the Cabinet would be kept informed of the progress of such negotiations.

Last week a Canadian delegation headed by the Deputy Minister of Trade and Commerce, Mr. W.F. Bull concluded negotiations with Spanish officials and the text of an Agreement between Spain and Canada was initialled by the heads of the Canadian and Spanish delegations. The text of this Agreement has been examined by the officials of the Departments concerned and it is found to be substantially in accord with the recommendations for an Agreement outlined in the earlier submission to Cabinet. In addition the Exchange of Notes appended to the Agreement contains an undertaking by Spain to allocate sufficient foreign exchange for the purchase by Spanish importers of 2,000 tons of Canadian codfish annually. This Exchange of Notes has been examined and is considered to be satisfactory. In return for this concession and the extension of most-favoured-nation treatment to Canadian exports to Spain, Canada is obligated under the Agreement to extend most-favoured-nation treatment to Spain and all its overseas territories and will grant small tariff concessions on olives, almonds, paprika and olive oil. In the circumstances it would seem desirable that the text of the Agreement and the accompanying Exchange of Notes should be approved by Canada and that the Minister of Public Works, the Honourable R.H. Winters, should sign this Agreement with Spain during his visit to that country from May 23rd to May 27th. Alternatively, if it should not prove feasible for Mr. Winters to sign, it would seem appropriate for the Canadian Ambassador to Spain, Lieut-General Maurice Pope, to conclude the Agreement on behalf of Canada.

In the light of the above considerations it is recommended:

(a) that the Agreement and accompanying Exchange of Notes between Canada and Spain be approved;

(b) that authority by Order-in-Council be obtained to sign the Agreement.[13]

BROOKE CLAXTON

Concurred in:

C.D. HOWE
Minister of Trade and Commerce

D.C. ABBOTT
Minister of Finance

J.W. PICKERSGILL
Acting Minister of Fisheries

PCO

661.

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

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 139-54 [Ottawa, n.d.]

CONFIDENTIAL

TRADE AGREEMENT WITH PORTUGAL

At its meeting on February 3rd Cabinet approved a recommendation submitted by the Secretary of State for External Affairs with the concurrence of the Ministers of Trade and Commerce, Finance and Fisheries that negotiations for trade agreements with Portugal and Spain should be initiated and that the Cabinet would be kept informed of the progress of such negotiations.

Last week a Canadian delegation headed by the Deputy Minister of Trade and Commerce, Mr. W.F. Bull, concluded negotiations with Portuguese officials and the text of the Agreement between Portugal and Canada has been examined by the officials of the Departments concerned and it is found to be substantially in accord with the recommendations for an agreement outlined in the earlier submission to Cabinet. In addition, the Exchange of Notes appended to the Agreement contains an undertaking by Portugal to allocate sufficient foreign exchange for the purchase by Portuguese importers of 3,000 tons of Canadian codfish annually on the understanding that not more than 1,000 tons of the total annual shipments will be composed of small codfish. Provision is also made for a future increase in this quota of 3,000 tons provided the conditions outlined in the Notes are complied with. This Exchange of Notes has been examined and is considered to be satisfactory.

In return for this undertaking by Portugal concerning imports of Canadian codfish and the extension of most-favoured-nation treatment to Canadian exports to

[13] Approuvé par le Cabinet le 20 mai 1954. Voir Canada, *Recueil des traités*, 1955, N° 12./Approved by Cabinet, May 20, 1954. See Canada, *Treaty Series*, 1955, No. 12.

Portugal and its overseas territories, Canada is obligated under the Agreement to extend most-favoured-nation treatment to Portugal and all its overseas territories and will grant small tariff concessions on almonds and corks. In addition there will be a letter to the Portuguese Director-General of Economic Affairs on the subject of port privileges extended to Portuguese fishing vessels on the Atlantic coast. This letter has been included at the request of the Portuguese Government which is concerned that Canada might see fit to curtail port privileges extended to Portuguese fishing vessels in Newfoundland and Nova Scotia. In this letter the Canadian Government does not make any commitments to the Government of Portugal. It is in fact a simple statement that the Canadian Government is not at the present time giving consideration to any change in policy and practice concerning the special privileges and facilities that have for many years been granted to Portuguese fishing vessels in Canadian Atlantic ports.

The Minister of Public Works, the Honourable R.H. Winters, will be in Lisbon from May 27th to May 31st and it would seem appropriate for him to sign the agreement and the accompanying Exchange of Notes during his visit to Portugal. Alternatively, should it not prove feasible for Mr. Winters to sign, it would seem desirable for the Canadian Minister to Portugal, the Honourable W.F.A. Turgeon, Q.C., to conclude the agreement on behalf of Canada.

In the light of the above considerations it is recommended:

(a) that the Agreement, the accompanying Exchange of Notes between Canada and Portugal and the letter to the Portuguese Government be approved;

(b) that authority by Order in Council be obtained to sign the Agreement.[14]

L.B. PEARSON

Concurred in:

C.D. HOWE
Minister of Trade and Commerce

D.C. ABBOTT
Minister of Finance

J. SINCLAIR
Minister of Fisheries

[14] Approuvé par le Cabinet le 27 mai 1954. Voir Canada, *Recueil des traités*, 1955, N° 4./Approved by Cabinet, May 27, 1954. See Canada, *Treaty Series*, 1955, No. 4.

2e PARTIE/PART 2

EUROPE DE L'EST
EASTERN EUROPE

SECTION A

CONTRÔLES STRATÉGIQUES DES EXPORTATIONS AU BLOC SOVIÉTIQUE
STRATEGIC CONTROLS ON EXPORTS TO THE SOVIET BLOC

DEA/50092-C-40

662.

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

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

SECRET [Ottawa], April 1, 1954

STRATEGIC CONTROLS OVER EAST-WEST TRADE

I attach for your consideration a memorandum on this subject which was drafted after extensive discussions between officials of this Department and the Department of Trade and Commerce. In view of the importance of the forthcoming Consultative Group meeting in Paris on April 13 and 14, it was thought desirable to lay the matter before Cabinet. As a first step the attached memorandum was sent to the Deputy Minister of Trade and Commerce under cover of a letter dated March 24, with the request that we be informed as soon as Mr. C.D. Howe had approved it (with whatever modifications he wished to make) so that we could then seek your concurrence.

We have just learned, however, that Mr. Howe has approved the memorandum but does not think it should go before Cabinet. He has indicated that if you also agree with it we might send it off to Paris by tomorrow's bag (Friday noon) for the guidance of Mr. Wilgress, who has agreed to head the Canadian delegation now that Mr. Harold Stassen is definitely going to head the United States delegation. Mr. Denis Harvey of the Department of Trade and Commerce will probably fly over to Paris for the meeting.

I would be grateful to learn at your early convenience whether:

(i) the memorandum meets with your approval, and

(ii) you agree with Mr. Howe that there is no need for it to be considered by Cabinet.[15]

R.A. M[ACKAY]

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[15] Note marginale :/Marginal note:
OK L.B.P[earson]

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

SECRET

Ottawa, March 30, 1954

STRATEGIC CONTROLS OVER EAST-WEST TRADE

During the past six months or more an international debate has been going on, particularly in Europe, over the question of whether trade between the West and the Soviet Bloc should be increased. The cessation of open hostilities in Korea, the levelling off of economic activity in Europe coupled with the decline in United States aid and the recent Soviet drive for increased trade, have all given added impetus to the pressures that are building up for the relaxation of present strategic controls over East-West trade. Prime Minister Churchill's statement on this subject in the House of Commons on February 25 has stimulated the controversy and focused the attention of Western governments on the need to re-appraise at an early stage their attitudes towards trade with the Soviet Bloc.[16]

2. Canada's interest would seem to lie in ensuring that full account is taken of the security aspects of this problem, the importance of maintaining the unity of the Western governments in the face of disruptive Soviet tactics, and the need for keeping the impact of controls on Canada's economy to the minimum consistent with the first two objectives mentioned above.

3. The appropriate forum for a discussion of this subject by representatives of the Western governments is the secret Consultative Group (C.G.), which was established informally in Paris in 1949. Canada, the other NATO member countries, West Germany and Japan all belong to this Paris Group. Its Co-ordinating and China Committees (COCOM and CHICOM) have the task of co-ordinating the policies of the Participating Countries in the field of controls over movements of strategic commodities to Soviet Bloc destinations. To this end they keep under continual review three types of lists which can only be modified with the unanimous consent of all Participating Countries.

These are:

List I—commodities under absolute embargo.

List II—commodities whose strategic significance depends upon the volume exported to the Soviet Bloc or upon their qualities and possible defence uses. Items on this list are described in detail and export quotas are allotted to Participating Countries for some of them. A complex procedure has been worked out to provide for exceptions to this type of quantitative and qualitative control, and it is explained in the attached copy of COCOM Document 470. (Annex A).

List III—commodities of low strategic importance not under control but which are carefully watched in case the volume of shipments should reach levels which warrant their being placed on List II.

[16] Voir/See United Kingdom, House of Commons, *Debates*, 1954, Vol. 524, pp. 587-588.

4. It was largely for the purpose of implementing Canada's COCOM and CHICOM commitments that the new Export and Import Permits Act was cast in the form of Bill 374 (especially Sections 3(a) and (b)). Ministers will, of course, be familiar with Mr. Dickey's reference to these responsibilities in the course of his statement to the House on March 16.[17]

5. In the past Canada has not played a particularly active role in the Paris Group. As most of the C.G. meetings have been of a largely routine nature, Canada has usually been represented by members of the missions in Paris, whose participation has generally been rather passive. This year, however, an exceptionally important C.G. meeting is to be held in Paris on April 13 and 14 (possibly continuing after a fortnight's recess). It is expected to mark a turning point in the West's trade relations with the European Soviet Bloc. (No changes are foreseen in connection with controls over trade with Red China until after a Korean settlement, but the forthcoming Geneva meetings may open up that question this summer).

6. Perhaps the most important items on the agenda for the meeting are:

(a) Development of the trade policy of the Soviet Bloc in its bearing on the work of the Committee.

(b) Review of the present system of international controls (lists and methods).

(c) Adoption of a common attitude on control policy during future international economic conferences.

These will provide the framework for a debate on the future of the West's strategic control policies. The United States Government is known to mistrust the Soviet Bloc's motives in seeking increased trade with the West, and to look upon recent trends as reflecting little more than a shift in Soviet tactics in the trade sector rather than as a genuine desire on their part for more trade. While the United States will probably be willing to compromise somewhat with the European countries at the C.G. meeting, they nevertheless hope embargo controls will remain fairly extensive and even more effective. Their position is outlined in the attached statement of March 9 by the United States COCOM delegate (Annex B). Also attached (Annex C) is a statement made on March 8 by the United Kingdom delegate, which indicates that the United Kingdom will press for the reduction of the area of control (by redefining what items are really strategic) and probably also for the elimination of Lists II and III, with tighter controls over the remaining List I. Both the United States and the United Kingdom agree, as a result of the Berlin Conference, that the West should now think in terms of a prolonged period of tension just short of war. The majority of European countries will quite likely support the United Kingdom, and Canada's position will consequently assume increased importance. If Canada supports the United States, some compromise will have to be worked out which would not entirely satisfy the Europeans and might well lead to an undermining of the control system later on. If, however, Canada supports the Europeans, the United States will be isolated and will probably have to give way to a greater extent than they would like. Naturally both sides are anxious to have Canadian support, and

[17] Voir Canada, Chambre des Communes, *Débats*, 1953-1954, volume III, pp. 3246-3248./See Canada, House of Commons, *Debates*, 1953-1954, Volume III, pp. 3065-3067.

they look to Canada to come to the meeting with an unprejudiced and objective attitude, untrammelled by political complications such as afflict relations between the United States and the European countries.

7. This matter has been discussed inter-departmentally and, on balance, it is considered that it would appear to be in Canada's best interests to support the liberalization of trading relations between the West and the Soviet Bloc (excepting North Korea and Mainland China). There is a need to reduce the impact of controls on Canada's economy and on relations with other friendly countries. If we were very selective in the commodities we control, but able to enforce our controls rigorously, we could hope to continue enjoying wide-spread political support in Canada for a control system aimed primarily at items involving clearly overriding security interests. Otherwise, it might be politically embarrassing to ask Canadian commercial interests to make sacrifices for no apparently good reason if Western European countries do no uphold similar embargo policies.

8. In the circumstances, I recommend, with the concurrence of the Secretary of State for External Affairs that:

(i) Authority be granted to the Secretary of State for External Affairs and to myself to appoint an appropriate Canadian delegation to the forthcoming C.G. meeting in Paris. (It is believed that Mr. Harold Stassen, the Head of the Foreign Operations Administration, may be the chief United States delegate).

(ii) The delegation be authorized to agree at its discretion to modifications that may be proposed in present COCOM international embargo Lists I and II provided they are supported by a clear majority of the Participating Countries, subject to the following basic considerations:

(a) It would appear to be to the advantage of the West for controls on trade to be the minimum consistent with the need to safeguard important security interests.

(b) Whatever controls are maintained should be enforced with the greatest possible effectiveness.

(c) The need for Participating Countries to apply for exceptions to embargo lists should be eliminated as far as possible by transferring the more important items to List I and freeing all others to the extent that this can now be done with reasonable safety.

(d) No exceptions at all to List I should be envisaged, but present exception procedures (Annex A) governing List II should be broadened to take into account political, commercial, social (i.e., unemployment) and other considerations apart from purely strategic ones, provided that the C.G. should not get involved in subjects beyond its competence, such as broad commercial policy.

(iii) The question of relaxations of controls over trade with the Far Eastern Soviet Bloc should not be considered until after the United Nations embargo resolution of May 18, 1951, is rescinded.

DEA/11045-40

663.

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 136 (CC-67) Paris, April 2, 1954

SECRET

Reference: Our telegram (CC-63) No. 123 of March 29† and previous correspondence on C.G.

EXPORT CONTROLS — COCOM — MEMORANDUM FROM THE CHAIRMAN OF COCOM ON REVIEW OF THE INTERNATIONAL LISTS (ANNEX A TO COCOM DOCUMENT NO. 1555)† — ITEM V OF PROPOSED C.G. AGENDA

Following for D. Harvey from H.B. Scully, Begins: Following is the text quoted in full:

"I have been requested by the Chairman of the Consultative Group, Monsieur Charpentier, to circulate to all member governments through their delegations to the Coordinating Committee, the attached text of a proposed instruction from the Consultative Group to the committee concerning a review of the international lists. The attached proposal has been submitted by the government of the United States for the consideration of other member governments at the forthcoming Consultative Group meeting on the 13th April, 1954, in connection with agenda Item V.

Draft instruction from CG to COCOM on review of international lists. Conclusions with respect to the Soviet bloc in Europe.

1. During the past year there have been significant changes in the relations of the West to the Soviet bloc which justify a basic review of the international control system developed in past years. It now appears that though the basic nature of the Soviet threat remains unchanged and the possibility of local Communist-incited hostilities constantly exists, the period of maximum danger of a general war appears less immediate than has heretofore been the case, and that the control system therefore,

(a) Must be set up on a basis which permits its operation for the long haul;

(b) Must be fashioned in a manner which gives appropriate recognition to the economic, financial and political situations of the participating countries; and

(c) Must be more selective, substantially less extensive in coverage, simpler in form, and

(d) Must be reinforced as necessary to make its operation fully effective.

2. The international-listing guides that are attached have been framed by the Consultative Group with the expectation that, when applied, they will achieve these objectives. These guides provide a basis for determining whether an item merits international listing.

3. The Consultative Group has agreed that COCOM should undertake promptly a comprehensive review of the international lists on the basis of these guides, and should report to the Consultative Group the results of the review for such further CG consideration as the participating governments may then deem appropriate.

4. The Consultative Group directs COCOM: (a) to carry out this review of the international lists by _____(date), taking up categories of items successively in accordance with the attached schedule, and (b) to recommend implementation by governments at appropriate stages of the review.

Conclusions with respect to Communist China and North Korea

5. The attached guides do not affect exports to Communist China and North Korea. With respect to these areas, the Consultative Group has agreed that the existing level of export restrictions should be continued.

Schedule of categories for review:

(1) Metal-working machinery and rolling mills.

(2) Electric power generating equipment.

(3) Metals, minerals and their manufactures.

(4) Rubber and rubber products.

(5) Transportation equipment.

(6) General industrial equipment (minus rolling mills).

(7) Electronic and precision instruments; and miscellaneous.

(8) Chemical and petroleum products.

(9) Chemical and petroleum equipment.

Proposed international listing guides

(Note: These guides do not pertain to items on the atomic-energy and munition lists.)

Classes of eligible items

An item shall be considered eligible for international listing only if it falls within one of the following classes:

(a) Materials and equipment (by types and grades) which are designed specially or used principally for the development, production or utilization of arms, ammunition, implements of war, (and atomic energy materials).

(b) Materials and equipment (by types and grades) which incorporate advanced technology or unique technological know-how (including production know-how), the acquisition of which may reasonably be expected to permit a significant advance in Soviet bloc technology in military or atomic energy production over the level of development already achieved or expected to be achieved within a short period.

(c) Materials and equipment (by types and grades) in which the Soviet Bloc has a deficiency which is critical in relation to its military capabilities and which it could not overcome within a short period. Ends.

664. DEA/11045-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council

TELEGRAM 222 Ottawa, April 6, 1954

SECRET

Repeat London No. 426; Washington EX-556.

CONSULTATIVE GROUP MEETING APRIL 13

We are sending you by today's bag a copy of a memorandum which was prepared in the expectation that Cabinet would be asked to consider what position Canada should take at the meeting. This memorandum has now been approved by the Minister of Trade and Commerce and by myself, and we have agreed that it need not be considered by Cabinet.

2. In view of the character and importance of the forthcoming meeting, it is our hope (which Trade and Commerce share) that you may feel free to attend as head of the Canadian delegation. However, this is a matter for your judgment after you learn what the United States and United Kingdom level of representation will be. We, therefore, leave to your discretion the question of whether your attendance would be appropriate and desirable. Mr. Denis Harvey of the Department of Trade and Commerce will be on the delegation, and if you decide to attend he will be able to brief you more effectively on the spot than we could hope to do in writing.

3. We do not propose to send a special set of detailed instructions for the guidance of the delegation. Instead, we would wish it to be guided by the general lines laid down in the memorandum (which was prepared in such a way as to serve this purpose). We do not envisage the Head of the delegation taking an active part at the meeting or doing anything more than make a fairly brief statement of Canada's position which is, in a nut-shell, that we hope to see the COCOM control system adjusted to the "long haul" concept by reducing the strategic lists and improving the controls over whatever is left on them. A statement on this theme could be suitably amplified on the basis of paragraphs 2, 7 and 8 of the memorandum, as appropriate.

4. It seems probable that the C.G. will confine itself to statements by delegations and a debate on the terms of the instructions that should be given to COCOM for the review of the international lists. We do not anticipate any great difficulty over this. We have already seen (Embassy telegram No. 136 of April 2)† the text of a United States draft circulated by the Chairman of COCOM on the review of the international lists. It seems obvious that the bulk of the detailed work will be done in the Coordinating Committee over the next three months or so.

5. For your information, we held discussions here in Ottawa on April 1 and 2 with Karl Anderson (Deputy Director Bureau of Foreign Commerce) and other United

States officials on the whole question of East-West trade controls. We indicated to them that we could support the draft instructions quoted in the Embassy's telegram but we emphasized that, in the case of class (c) items eligible for control, a great deal seemed to depend upon the meaning of the word "critical". We felt that for practical purposes the Participating Countries could only be expected to express their views, not in general terms, but in relation to each item as it is debated. Apart from the review itself, there may be difficulties over the question of transaction controls. We have the impression that the United Kingdom are hesitant about imposing them, but without such controls the system is not as effective as it should be.

6. Please refer a copy of this telegram to the Embassy for Scully. Ends.

665.

DEA/11045-40

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

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

TELEGRAM 430

Ottawa, April 6, 1954

SECRET

Reference; Your telegram No. 339 of April 1.†
Repeat Washington EX-561.

EAST-WEST TRADE CONTROLS

We are grateful for your reports on talks with Coulson who, we gather, may now head the United Kingdom delegation to the consultative Group meeting in Paris on April 13 instead of Thornycroft. It seems unlikely Stassen will be able to attend for United States. As you will have seen from our telegram No. 222 to CANAC today, we are leaving it to discretion of Mr. Wilgress whether he should represent Canada or not.

2. We have repeated to you Paris telegram No. 136 of April 2 containing text of United States draft instructions from Consultative Group to COCOM for review of the international lists. By next bag we hope to send you copy of the memorandum mentioned in our telegram No. 222 and the covering letter indicating our willingness to accept the United States draft with two minor changes.

3. For purposes of any further conversations you may have with Coulson or other United Kingdom officials, you may find the following information helpful. On April 1 and 2 we held discussions here in Ottawa with a group of United States officials headed by Karl Anderson, Deputy Director, Bureau of Foreign Commerce. We made clear to them our concern that divergencies between the United Kingdom and United States positions at the C.G. meeting should be kept to a minimum. You will appreciate that our position would be uncomfortable if serious differences of policies are not resolved. Canada's attitude is that the international lists should be

modified to adapt them to the long haul (this is covered by our acceptance of the United States draft instructions to COCOM) but that whatever controls remain should be as effective as possible.

4. You might mention that we are not too happy about the impression we have gained that the United Kingdom are making the imposition of transaction control conditional upon agreement that the international lists should be substantially reduced. We regard these two issues as entirely separate and distinct, and regret the appearance that the United Kingdom is seeking to bargain one for the other. This, moreover, is an example of the sort of difference between United Kingdom and United States attitudes which might embarrass us somewhat in COCOM.

DEA/11045-40

666.

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

Paris, April 6, 1954

TELEGRAM 144 (CC-70)

SECRET. IMMEDIATE.

Reference: Our telegram No. (CC-68) 139 of April 5.†

EXPORT CONTROLS — COCOM — C.G. MEETING

Following for D. Harvey from H.B. Scully, Begins: The United Kingdom delegation today circulated a memorandum concerning Item 4 of the C.G. agenda, the essence of which in the light of current expansion as compared with recent low levels of trade between the Soviet Bloc and the free world are as follows:

1. That from time to time the consultative group should arrange a discussion on Soviet trading tactics and their effect on strategic controls, in the light of the experience of the various participating countries.

2. That members should provide more regular information on Soviet attempts to obtain strategic goods, directly or indirectly, and on other aspects of Soviet Trade which may affect trade in such goods.

3. That members should feel free to present information concerning trade between non-participating countries and the Soviet Bloc, particularly information concerning trade in strategic goods, and to request a discussion.

The United States also circulated a memorandum for C.G.: Consideration on diversions and leakages, as a basis for discussion in connection with C.G. agenda Point 5.

Briefly, it expresses concern over the extent to which security control can be evaded by transshipment and other forms of diversion en route and recommends the following principles and courses of action for confirmation at the forthcoming C.G. meeting to be applied until such time as a general reinforced system of controls can be established.

(1) The responsibility for preventing diversions of shipments is a co-operative one shared by all participating countries. Irrespective of the residence of the owner of the goods, participating countries should see that, as far as possible, these controls are not frustrated by diversions within their jurisdiction.

(2) There should be a full use of and exchange of information and cooperation among enforcement services as well as full resort to other means for the detection, stopping, and subsequent investigation of the illegal shipments.

(3) Whenever an attempt at unauthorized diversion is identified:

(a) Any participating country obtaining the information should notify immediately the country of origin and other participating and non-participating countries likely to be concerned with the shipment or in a position to gain control.

(b) The participating country through which the goods are passing (or are expected to pass) should use its available powers to prevent an unauthorized diversion. Further movement of the goods should be allowed only in accordance with the agreed policy of the group. If such country does not yet possess the powers to obtain effective control it should use its best endeavours to delay the shipment, notifying immediately the country of origin and the other participating and non-participating countries likely to be concerned with the shipment or in a position to gain control.

(4) Information or requests for action should be handled in the most expeditious manner possible. In some cases this may be through normal diplomatic channels; in other cases it may be through COCOM or both. In either case the country becoming aware of a diversion should notify its delegate in Paris who should pass the information to the delegates of the other countries concerned and notify the committee. In cases where the shipment originates in a participating country, it is the responsibility of the delegate of that country to coordinate action. In cases where the shipment originates in a non-participating country, the delegate bringing the case to the notice of the committee should normally assume responsibility for coordinating action. In both type of cases, it will be the duty of the Secretariat to provide such assistance as may be required.

(5) Exchanges between participating countries of technical experts responsible for enforcement activities should be encouraged.

Delegates have been requested to inform the Secretariat by Friday, April 9, names of their C.B. delegates so that necessary arrangements can be made. Ends.

667. DEA/11045-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 166 (CC-71) Paris, April 21, 1954

SECRET

EXPORT CONTROLS — COCOM — CONSULTATIVE GROUP MEETING

With reference to the consultative group meeting held on April 13 and 14, there has not yet been a distribution of general statements made by delegations nor has the draft copy of the C.G. chairman's report been submitted to COCOM for comment. We are sending a stenographer's transcript of our statement in today's air bag.

In view of Mr. Harvey's attendance at the meeting, we do not propose to make a full interim report in advance of the official minutes of the meeting.

The following points however should be considered in relation to the general aspects and agreement of the proposals contained in the draft statements previously referred to you (ref. our telegram No. 136 (CC-67),† COCOM document No. 1563 of April 5 and our letter No. 591 of April 8† and documents Nos. 1565 and 1566).[18]

(1). Items 4 and 5 of the agenda were reversed with the result that review of the present system of international controls occurred before the general consideration of development of trade policy of the Soviets, etc.

(2). It was decided to replace 3 and 4 of enclosure 1 to document 1563 with the following single paragraph:

"3. The consultative group directs COCOM: (a) To undertake promptly a comprehensive review of the international lists on the basis of the attached guides and interpretative notes. (b) To carry out this review by July 1st 1954, taking up categories of items successively in accordance with the schedule as approved and; (c) Promptly upon completion of the review, to report the results of such review to the consultative group for appraisal and action: *provided, however, that* COCOM may, upon agreement, before the final report of the review, recommend to member governments earlier action upon revisions in the listing of particular items which have been reviewed".

(3). At the Japanese request, an amended conclusion with respect to Communist China and North Korea was made to paragraph 5 of COCOM 1563 as follows: "The attached guides do not affect exports to Communist China and North Korea. With respect to these areas, the consultative group has agreed that the existing level of export restrictions should be continued for the time being and these problems be examined at the next consultative group meeting in July. In this connection, the

[18] Voir le document précédent/See previous document.

consultative group has recognized that these security control measures could not be fully effective unless applied to the Communist world as a whole."

(4). The C.G. issued the following directives to COCOM with respect to document No. 1566 and adopted the proposals contained in COCOM document No. 1565; "The consultative group directs the coordinating committee to seek means and procedures acceptable to all participating governments for the reinforcement of the controls, in the light of the above principles and taking into account the discussion which has taken place on this subject."

(5). Concerning Item 6, the C.G. recommends to member governments that before participating in an international conference in the course of which the control of east-west trade might arise, they consult together with the object of maintaining the unity of policy necessary to the application of their controls.

COCOM considered on April 15th the schedule contained in enclosure 2 of COCOM 1563 which had been adopted by the consultative group with one modification, (transposal of Item 7 for review after Item 2). It was decided that discussions aimed at the revision of lists would commence April 27th on the following time table:

1. April 27—metal working machinery and rolling mills.
2. May 3—electric power generating equipment.
3. May 10—Electronic and precision instruments and miscellaneous.
4. May 17—metals, minerals and their manufacture.
5. Rubber and rubber products to be reviewed concurrently with No. 4.
6. May 24—transportation equipment.
7. May 31—general industrial equipment, minus rolling mills.
8. June 8—chemical and petroleum products.
9. June 14—chemical and petroleum equipment.

As to the timing of implementation of decisions the consultative group with the notable exception of the United Kingdom favoured an "en masse" method of deferring implementation on all items until after completion and examination of the total results of the review. As a result of the United Kingdom's position favouring the "peel-off" method of immediately implementing decisions on individual items as made, they came out strongly in favour of COCOM's activities being concentrated on revision of lists in accordance with the above schedule, leaving decisions directed at the reinforcement of existing controls and constructive steps in the direction of establishing and adopting transshipment and transaction control, to be fitted in as opportunity occurs prior to July 1st. We reiterated that the tightening and improved efficiency of controls demanded careful consideration and was a complementary factor in the revision of the lists.

It was decided that export control matters would be fitted into the schedule of discussions during the week commencing May 7th.

In relation to the schedule of review, we should have your instructions and comments relating to each group together with any detailed material on individual items

in which we are interested several days in advance of the opening date for discussions.

DEA/11045-40

668.

Note du chef de la Direction économique pour le sous-secrétaire d'État par intérim aux Affaires extérieures

Memorandum from Head, Economic Division, to Acting Under-Secretary of State for External Affairs

SECRET [Ottawa], April 27, 1954

SALE OF SHIPS TO SOVIET BLOC

I attach for your consideration and approval a draft memorandum on this subject for the Interdepartmental Committee on External Trade Policy. It has just been approved by the Deputy Minister of Trade and Commerce and, subject to your concurrence, it could be reproduced this week for consideration at the Committee's next meeting early next week.

2. The attached memorandum was prepared after fairly lengthy consultations between officials of this Department, the Department of Trade and Commerce, the Joint Intelligence Bureau, and the Canadian Maritime Commission. It does not, however, represent the agreed views of all the foregoing, especially as the interests of the Maritime Commission and the Joint Intelligence Bureau are somewhat at variance. In the circumstances it was considered most appropriate to have the submission approved by you and Mr. Bull alone.

3. Concerning the reason for submitting this memorandum, you may recall that Mr. Chevrier sent a letter to Mr. Pearson on which the Minister wrote a footnote to the effect that Cabinet had decided that this matter should be referred to the I.C.E.T.P. There is no record of that in the Cabinet minutes, however.

A.E. RITCHIE

[PIÈCE JOINTE 1/ENCLOSURE 1]

Note du sous-secrétaire d'État par intérim aux Affaires extérieures et du sous-ministre du Commerce pour le Comité interministériel sur la politique du commerce extérieur

Memorandum from Acting Under-Secretary of State for External Affairs and Deputy Minister of Trade and Commerce to Interdepartmental Committee on External Trade Policy

ICETP Doc. 162-35 Ottawa, April 28, 1954

SECRET

POLICY ON SALE OF SHIPS TO SOVIET BLOC

On March 4 Cabinet considered a memorandum from the Chairman of the Canadian Maritime Commission (attached as Annex A) and directed that the I.C.E.T.P., should examine this subject in the light of the following telegram which was sent from Moscow on February 20 to certain Member Yards of the Canadian Shipbuilding and Ship Repairing Association:

"Would appreciate if you send us your best offer for cargo ships 10000 tons deadweight 16-17 knots refrigerated fish carriers 3500 deadweight 14-15 knots sea tugs 1000-1500 horsepower fishing trawlers up to 1000 horsepower with refrigerated cargo spaces about 500 cubic meters thanks beforehand

Transmasimport 1300".

2. It should be mentioned that on February 26 representatives of the Association were informed by the Department of Trade and Commerce that export permits covering sales of such ships to the Soviet Bloc would not be granted because vessels of those types were regarded as being strategic.

3. In considering this subject the Committee may find it helpful to have the following background information. Since 1949 Canada has been co-operating with her NATO allies, West Germany, and Japan, through the medium of the Consultative Group Co-ordinating Committee (CG/COCOM) to restrict and control exports of strategic commodities to the Soviet Bloc. Ships are included in this category and at present all COCOM Participating Countries (P.C.'s) are bound by undertakings to control sales of ships in accordance with certain mutually agreed limitations. These are set out in Annex G.†

4. Vessels on International List I are totally embargoed. Those on List II are subject to less rigid controls which allow for certain exceptions. It should be noted that, to the extent that trade does take place involving List II vessels, the exporting P.C.'s are required under present exception procedures to justify each proposed sale in advance and to obtain the unanimous consent of COCOM. The guiding principle for such exceptions is that exports should be permitted only to the extent required in order to obtain imports from the Soviet Bloc which are essential to sustain the basic economy of the exporting country, and thereby to support its defence effort. Accordingly, exports are not permitted by COCOM, and could not be justified by a P.C., for the purpose of maintaining or developing export markets in the Soviet

Bloc or for similar reasons. In other words, a P.C. wishing to sell a List II ship must prove to COCOM that the balance of strategic advantage lies with the West under the *quid pro quo* deal with its Soviet Bloc trading partner.

5. The effect of COCOM's restrictive policy since 1950 has been to curtail Soviet Bloc acquisitions of vessels from the traditional Western European sources of supply, so much so that the levels of the Soviet Bloc fleets are well below what they would like them to be. Of course it is open to the U.S.S.R. to divert some of her shipbuilding resources from naval construction (submarines, commerce raiders, etc.) to peaceful purposes, but there is no indication that they are prepared to do that.

6. In the circumstances, it will be appreciated that the probable explanation for the Moscow telegram to the Canadian Shipyards of last February 20 is two-fold:

(a) The U.S.S.R. is being driven to seek ships from countries outside of Europe only because of the COCOM embargo policies which have limited their purchases from the more logical and cheaper sources. (Were this not so, it seems highly unlikely that the high-cost Canadian shipyards would have received any Soviet inquiries at all).

(b) The offer to purchase Canadian ships was a shrewd manoeuvre or propaganda tactic intended to cause friction and embarrassment in our relations with our COCOM partners. It is evident that for Canada to permit such sales would be to take an unfair advantage of the European countries which have been denying themselves such orders for several years, and would undoubtedly lead to severe criticism of our reversal of policy. Moreover, Canada could not hope to justify sales under the principles described in para. 4 above.

7. Recently many other P.C.'s in Western Europe have received offers from Soviet sources to purchase ships. Because of growing idleness in their shipyards and for other political and social reasons, they are beginning to think in terms of relaxing the shipping controls described in Annex G. In the face of mounting pressure from many of these P.C.'s for a complete revision of the present control criteria, the United States and United Kingdom Governments have held bilateral discussions in the past few months with a view to revising the controls in such a way as to accommodate the legitimate needs for changes and improvements in the system, and yet at the same time retain effective control over Soviet acquisitions of strategically important ships. On November 30 joint United States-United Kingdom proposals on the control of fishing vessels were circulated as COCOM Document 1439 (attached as Annex B).† Later, on February 26, they circulated joint proposals on merchant ships as Document 1516 (Annex C).† These documents illustrate many of the problems facing the West in determining the extent to which it would be reasonable and safe for them to permit sales of ships to the Soviet Bloc. The attitude adopted by the Canadian representative at COCOM towards these joint proposals is reflected in the statements in Annexes D† and E,† which are attached for the information of those members of the Committee who may be interested.

8. Canada has consistently favoured rather strict limitations on sales of ships to the Soviet Bloc, and has not permitted any Canadian vessels to be sold to them since 1949, on the grounds that almost all ships have some degree of potential use

as naval auxiliary vessels and, therefore, merit embargo treatment according to their potential danger to the West. This attitude is consistent with our view that Canada's interest in the strategic control field lies in protecting the security of the West, in maintaining harmony among the COCOM P.C.'s, and in keeping controls over legitimate trade to a minimum consistent with the first two objectives. The foregoing comment is amplified in a draft memorandum prepared in connection with the Consultative Group meeting held in Paris on April 13 and 14 (Annex H).[19] It was approved by the Minister of Trade and Commerce and the Secretary of State for External Affairs.

9. The following conclusions suggest themselves:

(i) In view of Canada's obligation to respect the embargo restrictions on sales of ships to the Soviet Bloc as agreed by COCOM, the Department of Trade and Commerce may not in the present circumstances grant export permits for ships coming within the categories listed in Annex G.

(ii) In the light of (i) above, no encouragement should be given by the Canadian Government to the Shipbuilding and Ship Repairing Association to obtain orders for such ships from the Soviet Bloc.

(iii) If, however, any Soviet orders are actually placed with Canadian shipyards for vessels falling outside the area of control, applications for export permits should be submitted by the Department of Trade and Commerce to Cabinet for consideration.

(iv) For the purpose of future discussions in COCOM about the joint United States-United Kingdom proposals (Annexes B and C), the Canadian delegate should be instructed not to press for any changes in the present COCOM policies governing exports of ships to the Soviet Bloc, but if it seems likely that new quota control systems will be established, he should

(a) take no special steps to secure a Canadian quota, and

(b) press for the global quota to be so apportioned to P.C.'s as to leave an unallocated reserve which could be used (by Canada or other P.C.'s) only with the prior unanimous approval of COCOM.

R.A. MACKAY
W.J. BULL

[PIÈCE JOINTE 2/ENCLOSURE 2]

Note du président de la Commission maritime canadienne pour le ministre des Transports

Memorandum from Chairman, Canadian Maritime Commission, to Minister of Transport

SECRET

Ottawa, March 2, 1954

Some of the shipyards of the Canadian Shipbuilding and Ship Repairing Association have recently received cables from Moscow asking for quotations on certain

[19] Voir la pièce jointe du document 662./See enclosure to Document 662.

types of ships for the account of the U.S.S.R. A copy of the cable, dated 20th February, 1954, via All Union Corporation in Moscow, received by the shipyards, is quoted below:

"Would appreciate if you send us your best offer for cargo ships 10000 tons deadweight 16-17 knots refrigerated fish carriers 3500 deadweight 14-15 knots sea tugs 1000-1500 horsepower fishing trawlers up to 1000 horsepower with refrigerated cargo spaces about 500 cubic meters thanks beforehand

Transmasimport 1300".

The Association is seeking the assistance of the Canadian Maritime Commission in finding out if the government approves of the shipyards following up the inquiry of the U.S.S.R.

Yesterday, 1st March, Mr. Ivanov, Attaché at the Embassy of the U.S.S.R., telephoned the Executive Secretary of the Canadian Shipbuilding and Ship Repairing Association suggesting that he call to obtain information with respect to the shipbuilding industry in Canada for the use of the trade officer recently arrived from Moscow.

In view of the fact that the Association had written to the Commission seeking guidance on the subject and, furthermore, since the Directors of the Canadian Shipbuilding and Ship Repairing Association are meeting at Ottawa on 9th and 10th March, it was suggested to Mr. Ivanov that his visit be postponed until the attitude of the government is known.

The shipbuilding industry, foreseeing the necessity of securing additional work for the shipyards, would take immediate action in going after the potential business indicated in the cable from Moscow if the attitude of the government were favourable to such a course of action.

This raises the whole question of strategic controls; I realize that this subject belongs largely to the Minister of Trade and Commerce and the Secretary of State for External Affairs; the Commission proposes raising the issue with the Deputy Ministers involved and recommending further negotiations for these soviet orders unless there are cogent reasons against such a course. If there is objection from COCOM (the co-ordinating committee of the Consultative Group) I think that it should be fought if other COCOM countries are accepting similar orders.

If you agree the Commission will take the matter up with the Deputy Ministers involved and you may wish to discuss the matter with Mr. Howe and Mr. Pearson.

L.C. AUDETTE

669. DEA/11045-40

Note du chef de la Direction économique pour le chef de la Direction européenne

Memorandum from Head, Economic Division, to Head, European Division

SECRET [Ottawa], April 28, 1954

STATEMENT BY CANADIAN REPRESENTATIVE AT CONSULTATIVE GROUP MEETING ON EAST-WEST TRADE CONTROLS

The attached document contains a statement made by Mr. Wilgress on April 13 to the Consultative Group which met briefly to prepare a directive to its Co-ordinating Committee (COCOM) for its guidance in reviewing and revising the three international lists of strategic commodities.

2. The importance of this meeting lay in the fact that it marked the turning point in the policies of the Western Allies which they had followed since the beginning of the cold war in about 1950. Following the Berlin Conference, and in particular Mr. Churchill's statement on February 25, the majority of Western Governments came to feel that the strategic controls over East-West trade should be relaxed substantially and adapted to the new concept that war is less imminent than it had been during the previous years, and that the West is in for a long period of tension short of war. The United Kingdom had taken the lead in pressing for reductions of the control lists, and the United States found itself at the other extreme, trying to put the brake on the European movement in a direction of freer trade in semi-strategic or marginal commodities.

3. The attached statement sets out the Canadian position which is to a large extent a comprise between those of the United States and the United Kingdom. For clarification it should be mentioned that international List I involves total embargo, List II a quantitative or quota type embargo, and List III a watch list. Items on List III can be freely traded, but if the volume of shipments becomes significant they might be placed on List II. (Stenographer's notes of statement by Mr. Wilgress April 13th)[20]

A.E. RITCHIE

[20] Le document joint a été transmis au Cabinet./The attached document was circulated to Cabinet.

[PIÈCE JOINTE/ENCLOSURE]

Déclaration du représentant permanent auprès du Conseil de l'Atlantique Nord à la réunion du Groupe consultatif

Statement by Permanent Representative to North Atlantic Council to Consultative Group Meeting

[Paris], April 15, 1954

I should like to outline the principles which the Canadian Government thinks should govern the present system of international controls. After that I would like to comment on Document No. 1563 submitted by the United States Delegate and also the comment of the United States Delegate in introducing this paper this morning.

We agree with what previous speakers have said about the necessity of reducing the lists and making the remaining controls more effective. The main interest of the Canadian Government lies in ensuring that full account is taken of the security aspects of the problem. Secondly, we recognise the importance of maintaining the unity of the Governments of the Free World in the face of opposing Soviet tactics. Thirdly, we have to consider the need for keeping the impact of controls on Canadian economy to the minimum consistent always with the realisation of the first two objectives.

Taking into account these three factors, we have come to the conclusion that we should support the liberalisation of trading relations between the West and the Soviet Bloc except Communist China and the North Koreans. If there is any need to reduce the impact of controls on our economy and on our relations with other free countries — if we were to be very selective in the commodities we control, but enabled to enforce these controls vigorously, we could hope to continue widespread political support in Canada for a control system dealing primarily with items of clearly overriding security interest. Otherwise it might be politically embarrassing to ask Canadian commercial interests to make sacrifices for no apparently good reason, if other Western countries did not uphold similar embargo policies.

We can agree to modifications that may be proposed in the present COCOM embargo lists I and II provided they are supported by a clear majority of the participating countries, and subject to the following basic considerations:

1. It would appear to be to the advantage of the West for controls on trade to be the minimum consistent with the need to safeguard important security interests.

2. Whatever controls are maintained should be enforced with the greatest possible effectiveness.

3. The need for participating countries to apply for exceptions to embargo lists should be eliminated as far as possible by transferring the more important items to List I and freeing others to the extent that this can now be done with reasonable safety.

4. No exceptions at all to List I should be envisaged. The present exceptions procedures governing List II should be broadened to take into account political, com-

mercial, social — that is unemployment — and other considerations apart from purely strategical ones, provided that the Consultative Group and the Coordinating Committee should not get involved in subjects beyond its competence, such as broad commercial policy.

Finally, the question of relaxations of controls over trade with Communist China and North Korea should not be considered until after the United Nations embargo resolution of the 18th May 1951 is rescinded. We accept Document 1563 as a suitable basis for instructions to COCOM for the further consideration of this problem.

We are in agreement with the date that has been suggested of the 1st July for a target date, but we feel that this should be a target date rather than a deadline. The United States representative in his opening remarks referred to the importance of proceeding as rapidly as possible with the review of the lists, but pointed out that the Coordinating Committee should not be given a task which is beyond their capacity, and that they should not be hurried to too great an extent. We would therefore favour a change in the wording which is given in paragraph 4 of Enclosure No. 1 to Document 1563 in order to indicate that this date of the 1st July is more a target date than a fixed deadline. We would not like to see COCOM confronted in the last days of June with a mad rush in order to complete this task in time. We would propose, instead of saying in paragraph 4(a) "to carry out this review of the International Lists by the 1st July", that it should read somewhat as follows:

"To carry out this review of the International Lists as a matter of urgency and, if possible, by the 1st July".

We think that that would give COCOM sufficient leeway so that they would make every effort to discharge their task by the date they have set; but they would not be faced with the impossible position of having to hurry matters at the last moment.

As regards the remarks of the United States representative in introducing the lists this morning, we are also of the view expressed by our Italian and French colleagues that the correct approach would be the "en masse" method of implementation rather than the "peeling off" method. We think it would only result in confusion if we were to adopt the peeling off method, and we would favour that the implementation of the modifications should take place all at one time, simultaneously at the end of the review by the Coordinating Committee.

As regards the number of Lists, we think the ideal, of course, would be if we could have only two lists — say one embargo list and a watch list, but we do not think that this is practicable. We think that in going over the Lists of items, COCOM will find that it will be necessary to retain some items for quantitative control; and we feel that COCOM should have a free hand in this matter, and that they should maintain three Lists if they find that is necessary, always having in mind the desirability of reducing to a minimum the products which are subject to quantity control.

Our approach to this problem, as I have said in my general statement, is that in reducing the number of items subject to control, we feel that the remaining controls should be made as effective as possible. We therefore lay great stress on the enforcement procedures. We ourselves have gone on the assumption that in reduc-

ing the lists the remaining controls would be made more effective. We have therefore welcomed the statement made this morning by the United Kingdom representative that they were taking steps to introduce transaction controls. The Group may not be aware that we ourselves have taken action already in this connection. Additional powers have been obtained for control of the trade in strategic equipment and materials in Canada. An Act was passed by both Houses of Parliament and given Royal Assent on the 26th March last. It will become an offence under this Act for any person to do anything in Canada that causes or assists shipment or diversion of strategic materials to the Soviet Bloc whether from Canada or from any other country. The significance of this is that Canada has obtained authority and is imposing transaction controls.

Having taken this step, the Canadian Government will be anxious to see other participating countries do what is necessary to bring into effect adequate controls on the trade as referred to in the report by the Chairman of COCOM this morning.

DEA/11045-40

670.

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 209 (CC-76) Paris, May 14, 1954

SECRET. IMMEDIATE.

Reference: Your telegram No. 243 of May 13,† our letter 726 May 5† and 747 of May 6.†

TRANSPORTATION EQUIPMENT REVIEW — SHIPPING

Following for D. Harvey from H.B. Scully, Begins: Conversation with the United States delegation and the Chairman of COCOM points to close and detailed consideration being given to the question of all classes of shipping commencing Tuesday afternoon May 18, in conjunction with the overall review of transportation equipment. The United States delegate expects to be in telephone conversation with Washington on this subject today for final instructions in the event they decide to include in the review, discussion of the joint United Kingdom-United States memoranda on fishing vessels and merchant shipping plus existing deficiencies of the present exception procedures, 3d, etc.,† with the object of achieving agreement on a fair, realistic and effective form of control in this field related to the contents of your telegram No. 223.†

If Washington decides to go ahead on this basis, I have instructed him to ask his authority in Washington to acquaint Guy Smith accordingly so that he could phone Ottawa and ensure that your instructions and comments on this important subject will reach me in time for the Tuesday afternoon meeting.

Meantime, Naval Headquarters in Ottawa has informed the Canadian Naval Mission in London that they may send an officer to Paris to act as a technical adviser in the forthcoming talks and arrangements have been made for him to arrive on Monday morning so that he may be thoroughly acquainted with the issues involved and his possible function in the discussions based on the contents of your telegram No. 243.†

Before his despatch to Paris, I have requested the London staff to satisfy themselves that the presence of a service expert has the approval of External, Trade and Commerce and JIB.

No reply has yet been received on this point in my letter 726 of May 5. Presumably, detailed instructions at least on the transportation equipment category review will arrive Monday but we should have your instructions and comments on the implications of the broader concept referred to by that date if advice from Guy Smith indicates that the United States will raise this issue in the discussions. Ends.

671. DEA/11045-40

Extrait d'une lettre de l'ambassadeur en France au sous-secrétaire d'État aux Affaires extérieures

Extract from Letter from Ambassador in France to Under-Secretary of State for External Affairs

LETTER NO. 846 Paris, May 25, 1954

SECRET

EXPORT CONTROLS — COCOM — TRANSPORTATION EQUIPMENT

Listed below are the preliminary indicative results of reclassification discussions of this category held during the week of May 17th.

. . .

Quantitative Control — Fishing Vessels

No agreement was reached on quantitative control for fishing vessels owing to major objections by Denmark with the Netherlands to the proposed annual ceiling of 50 units, reference 1614.00/1. Belgium stated that although not in favour of such a control, they did not oppose it and went on to state that in their view, good grounds existed for larger quotas and larger sizes of vessels. The balance of the Committee supported the joint United Kingdom-United States proposals.

Quantitative Control — Merchant Vessels

No agreement on the United Kingdom or United States proposals was reached due to objections by Denmark and the Netherlands against any control of non-embargoed merchant vessels. Compared to the area of agreement on fishing vessels, where all but two delegations were ready to accept the U.K.-U.S. proposals, there were wider differences in this field. Those accepting a ceiling tonnage ranged from the United States and ourselves, agreeable to an 88,000 ton figure to the

United Kingdom 200,000 tons. The French delegate, as a working basis for a compromise, proposed a ceiling of 130,000 tons for quota allocation plus 50,000 tons to be made available through pre-consultation on a strict *quid pro quo* basis. This failed to receive acceptance and no agreement was possible on a tonnage figure for allocation.

In spite of the wide area of disagreement, there was some evidence of a spirit of compromise, for instance, the United States as well as the United Kingdom could envisage a ceiling of 140,000 to 160,000 tons as a basis for discussion. The majority agreed that a check on further deliveries to the Bloc should be made at an agreed "Amber Light point" in tonnage, for example, at 120,000 if the figure of 160,000 were accepted for a ceiling.

There was also agreement by the majority against prior consultation up to the agreed danger point and after such a point it was felt prior consultation rather than *quid pro quo* should be the guiding principle.

In conclusion, it was obvious that no further discussion before the C.G. meeting would be held unless one or more delegates and particularly the Netherlands and Denmark concluded that on the outlines of a possible compromise as to ceiling, etc., further discussion might be constructive and work towards an acceptance of a quota agreement for merchant vessels. If agreement in this field can be reached, it was felt that fishing vessels agreement would likely follow.

In view of the dislike for the present system of control which, in the event of the present disagreement will maintain at least until the subject is again reviewed after the Consultative Group meeting, perhaps September at the earliest, there was a body of opinion favouring some further discussion aimed at reaching agreement.

As opportune, we made known our views, reference your telegram No. 245 of May 14th and stressed our concern with respect to the basis on which COCOM quota would operate together with our concern that the present prior notification, exception procedure and 3D application, should be brought into line with the current trend in International trade and trade agreements.

H.B. SCULLY
for Ambassador

DEA/11045-40

672.

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

Paris, June 18, 1954

TELEGRAM 252 (CC-81)

SECRET. IMPORTANT.

Reference: Your telegram No. 245 of May 14, our letters No. 846 of May 25 and No. 984 of June 18. COCOM 1614.00/5 vessels and marine equipment.

EXPORT CONTROLS — COCOM — SHIPPING

Following for D. Harvey from Scully, Begins: The United Kingdom delegate has just handed me the summary of the proposed plan for controls on non-embargoed ships and fishing vessels which is quoted in full below in view of the importance of this question scheduled for discussion on June 23rd.

"A. *Vessels other than fishing vessels*:

1. A "hard" ceiling of 150,000 GRT a year for three years, with any vessel over 20 years of age counted at one-half its tonnage. Charges would be made against the quota for the year of delivery. Any unused portion of the yearly quota may be carried over to the next year but there should be no borrowing against the future quota.

2. This quota would not be allocated among member governments, but would be used in accordance with the principles and procedures below.

3. Even though not allocated, it is expected that the global quota will in practice be shared equitably by all interested countries, taking into account all relevant considerations.

4. Subject to the special procedure in paragraph 5 below, individual governments may use up to 20 percent (30,000 GRT) of the annual quota, being entitled to use four-fifths (24,000 GRT) of this portion, without advance notice to the Committee but with prompt ex post facto notification, and to use the remaining fifth (6,000 GRT) of this portion only after prior notification to the Committee, together with a "3(D)" justification. In the latter type of case, other member governments may offer comments within 14 calendar days, if they desire.

5. When the charges against the global quota for any year total 120,000 GRT, a general review will be undertaken. In addition, commitments against the balance of that quota may be made only after prior notification to the Committee, together with a "3(D)" justification. Other member governments may offer comments within 14 calendar days, if they desire.

6. The Committee should be notified of repair work done in a member country on a Soviet ship, if the work is valued at over $100,000.

7. In addition, major rebuilding, overhaul or completion work on a Soviet vessel — i.e. work valued at $100 per GRT or more — should be charged against the above quota for the year of completion, on the basis of 50 percent of the GRT of the vessel.

8. To facilitate continuous notification to the Committee of charges against the ceiling, uniform reporting forms should be developed by the Committee and cumulative monthly summaries should be prepared and circulated by the Secretariat.

9. These control arrangements — including the continuation of the yearly quota — are subject to annual review, which may be combined with the general review at the 120,000-ton point or may be handled separately, depending on circumstances.

B. *Fishing vessels*

1. A "hard" ceiling of 50 fishing vessels a year for three years, with any vessel over 20 years of age counted as one-half vessel. Charges would be made against the quota for the year of delivery.

2. This quota would not be allocated among member governments, but would be used in accordance with the same principles as for merchant vessels above and the procedures below.

3. Individual governments may use up to 20 percent (10 vessels) of the annual quota. For the first four-fifths (8 vessels) of this portion, and subject to the special procedure in paragraph 4 below, orders may be accepted without advance notice to the Committee but with prompt ex post facto notification. For the remaining fifth (2 vessels) of this portion, and subject to the special procedure in paragraph 4 below, orders may be accepted only after prior notification to the Committee. It is not thought necessary that a "3(D)" justification be provided in this case but this question could be discussed in the Committee. Other member governments may offer comments within 14 calendar days, if they desire.

4. When the charges against the global quota for any year total 40 vessels, a general review will be undertaken. In addition, commitments against the balance of that quota may be made only after prior notification to the Committee. As in the case of paragraph 3 above, "3(D)" justification is not thought necessary. Other member governments may offer comments within 14 calendar days, if they desire.

5. The provisions in paragraphs A-8 and 9 above, concerning reporting and annual review, would apply to fishing vessels also."

In a brief private conversation with the British delegate, in which I emphasized a number of the points with which we were concerned, (COCOM 1614, paragraphs 20 and 21) he stated that although not shown in the proposal, it was understood that a recommendation would be made in the Committee that a running record be kept of Soviet acquisitions from all COCOM sources concurrent with the utilization of the quotas established. He intimated that the United States delegation had already given their concurrence to the above proposal. May we have your comments and instructions on this subject not later than Monday p.m. At the meeting of June 23rd, every effort will be made to secure agreement on some acceptable form of quota control in order to solve the present impasse described in COCOM 1614.00/5 and mentioned in our letter No. 846 of May 25.

DEA/11045-40

673.

Le secrétaire d'État par intérim aux Affaires extérieures à l'ambassadeur en France

Acting Secretary of State for External Affairs to Ambassador in France

Ottawa, May 14, 1954

TELEGRAM 245

SECRET

Reference: Your telegram No. 209 of May 14.†

COCOM SHIPPING CONTROLS

Following for Scully, Begins: Further to my telegram No. 243 of May 13† containing instructions on vessel and marine part items, the following paragraphs are intended to provide you with more general guidance.

2. The United States delegate may propose postponing the review of vessels until after July 1. If he does, you may support this moratorium idea, but we do not expect it would be popular with the Europeans.

3. The Interdepartmental Committee on External Trade Policy has now considered the memorandum on sales of ships to the Soviet bloc, of which a copy was sent to you on April 28. The Committee appeared to be in agreement with it, and a further memorandum is being prepared for Cabinet covering conclusions 1, 2 and 3, which relate only to the domestic Canadian situation. The memorandum will take into account the results of next week's COCOM review.

4. As you know, we are much more concerned with the fundamental issues and broad implications of shipping controls than with details of definitions, cut-off levels, etc., for particular types of embargo treatment. Our attitude has consistently been that almost all vessels have potential naval auxiliary uses, some being more dangerous to the West than others. We, therefore, favour the continuation of some adequate and effective system for controlling Soviet Bloc acquisitions, from whatever sources. If it appears that the application of the Listing Guide criteria might encourage moves towards an excessive relaxation of controls, we would hope that the majority of Participating Countries might agree to treat vessels as a rather special commodity, having a useful life of thirty to forty years and not (repeat not) apply too liberally and rigidly the Listing Guides during next week's review.

5. You will recall from para. 2 of our telegram No. 74 of February 26† that we have recognized the present inadequacy of 3(d) procedures in the case of vessels. We concede that they do not cover the position of the United Kingdom or, for that matter, the United States and Canada, and so we would accept a broadening of the exception criteria to include political, commercial and other non-strategic factors (balance of payments, unemployment, etc.). (See also paras. 3 and 4 of my telegram No. 74.)

6. In the light of the apparent desire of many P.C.'s to break away from the old control system, we would not expect you to stand out for more strict controls over ships than the United States delegation does. We expect them to put forward new proposals next week, and they may drop the joint United States-United Kingdom proposals in Document 1516 because they have been unable to agree with the United Kingdom about a quota figure. At an appropriate stage you may indicate that the U.S. proposals seem generally reasonable. In particular we could support paras. 4 (a), (d) and (e) on page 2 of a draft dated May 4, of which a copy has been given to us and which the United States delegate could show you.

7. Concerning paras. (b) and (c) of the draft, which propose an annual quota of 88,000 G.R.T. for the Paris group only, either allocated nationally or left unallocated, you may indicate that, if the majority appear to favour it, we would be willing to accept the quota control idea in principle, subject to certain reservations

listed below, and on the condition that the resultant controls would be effective and sincerely implemented by all Participating Countries.

8. As you know from our telegram No. 124 of March 23,† we have many misgivings about the quota system, and you should make known the following more serious reservations:

(a) We consider it essential that whatever quota limits are set, there should at the very least be prior notification of each proposed sale with an explanation of the supporting reasons, starting from the beginning of the quota. Naturally, we would prefer prior consultation and approval on the basis of some liberalized and broadened 3(d) procedure, but we recognize the European countries would be unlikely to accept such restrictions until after the quota ceiling is reached. In this view we would expect to be supported by the Danish delegation, for we have some sympathy with the position they took in para. 21 of Document 1527. (Incidentally, the statement you made in a personal capacity in para. 39 of that Document did not (repeat not) reflect our thinking here. When we accepted the quota idea in principle, it was not because we thought it a better one, but because we thought the old system was no longer working). In the circumstances, we would find it very difficult to accept the suggestion in para. (c) of the United States draft proposal that deliveries within the quota limits need not be justified or even notified in advance at all.

(b) Instead of an annual quota being set for Participating Countries only, we consider it should be global and take into account Soviet Bloc construction and acquisitions from non-COCOM sources as well, since what we are, and logically the other COCOM countries should be, primarily concerned about is the rate of growth and modernization of the whole Soviet Bloc fleet, regardless of the sources of additions to that fleet. As a practical matter, it would seem unrealistic to limit deliveries from one group of countries without taking into account other sources of supply. The whole control apparatus could be disrupted or broken down by unexpected Soviet purchases outside the Paris group, or a change in their own shipbuilding programmes. If the majority favour a quota system of some kind, we would like you to invite the views of the other Member Countries on their determinations of the limits, either in terms of total tonnage or units, or permissible Soviet Bloc acquisitions from all sources beyond which the vital security interests of the free world would clearly be imperilled. These calculations could presumably be expressed as a range to reflect the opinions of the more and the less cautious countries.

(c) It follows from (b) above that we would not (repeat not) be satisfied with a quota set for Participating Countries alone. Beginning anew each year we would prefer to see a running total kept in COCOM of *all* Soviet acquisitions, and each additional COCOM sale should be considered as an increment to the accumulated total at about the time of delivery. As the upper limit of the quota were approached, or say the lower figure in the dangerous range mentioned at the end of (b) above, additional sales should be scrutinized more rigorously. For example, any COCOM deliveries made before the first 100,000 tons of shipping are acquired each year by the Soviet Bloc from all sources might simply be notified and explained, but after

that total is reached each year, prior approval by COCOM could be required. All this implies a pooling of intelligence information about Soviet Bloc construction and outside purchases, and also the practicability of arriving at agreement on the facts regarding additions to the running total.

(d) If the majority insist on setting a quota for Participating Countries alone and on dividing it up nationally, notwithstanding our contrary arguments, you should press for the quota to be so apportioned as to leave unallocated a significant reserve tonnage on which countries like Canada having no national quota should have the first claim, and which could only be used after prior consultation and approval. You should also tell COCOM that it would be intolerable for our Government to have to tell Canadian shipbuilders that they could not have export permits for ships similar to those European countries may be selling. Because of our high shipbuilding costs, it is unlikely that any such sales would actually develop, but if they did we would expect to have access to the global quota just as freely as our COCOM partners.

9. We feel the foregoing instructions are in line with our best interests, both security and commercial, and are the most useful contribution we could hope to make to the solution of this problem. Ends.

674.

DEA/11045-40

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

Secretary of State for External Affairs to Ambassador in France

TELEGRAM 303

Ottawa, June 21, 1954

SECRET

Reference; Your telegram No. 252 of June 18† and despatch No. 846 of May 25.†

COCOM — SHIPPING CONTROLS

For your own information we were disappointed to learn of the failure of COCOM to reach agreement on this important subject in the week of May 17, and have been disturbed by the fact that Denmark, Norway and the Netherlands, which are such close neighbours of Russia, are the very countries opposing effective quota controls at reasonably low levels. As you know, our views in the past (telegram No. 245 of May 14) were based on the assumption that our European COCOM partners would be at least as sensitive to their own security interests as we have tried to be and would consider these controls important from that point of view.

2. Our position in the record is clear, and we feel there is nothing more we can do now than encourage COCOM P.C's to reach whatever agreement they can as soon as possible, on the grounds that if they don't agree on something soon we run a risk of ending up with no quota controls at all.

3. In these circumstances, we would gladly lend our full support on June 23 to the new United Kingdom proposals, and we earnestly hope that all the other P.C's will be able to accept them also.

4. You should, however, indicate our understanding that the 3(d) type of justification (paragraph 4) would in future be much broader in scope than that detailed in Document 370 (see paragraph 5 of our telegram No. 245 for our views on this). You should also express our concern at the possibility, in theory at least, that the proposed United Kingdom system could break down if, for example,

(a) more than five countries were to authorize their ship builders to sign firm contracts for up to 24,000 tons all in the early stages before each country realized what the others were doing, or

(b) the global quota were used up within a short period and the Soviet Bloc then acquired substantial numbers of ships from non-COCOM sources.

However, that is a chance that would have to be taken, and we are content to hope that the optimism in paragraph 3 of the United Kingdom proposal is justified by events.

DEA/11045-40

675.

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 266 (CC-85) Paris, July 2, 1954

SECRET. IMMEDIATE.

Reference: Our telegram 264 of June 30.†

EXPORT CONTROLS — COCOM — C.G. MEETING

Following for D. Harvey from Scully, Begins: At today's meeting, the United States supported by the United Kingdom requested a postponement of the Consultative Group meeting to July 19 and 20th so that additional time will be available to P.C.'s in which a further effort could be made to reduce the extensive list of disagreed items.

In this connection, it was pointed out that the recently concluded second review had not had the hoped-for results but that some progress had been made in narrowing the field of disagreement. In fact, of the 92 items involved, (excluding shipping) 7 were agreed for embargo, 5 for quantitative control, 10 for surveillance, 10 item numbers were deleted in which the item itself had been redefined by inclusion into 5 remaining items. 60 items therefore remain unresolved comprising 42 embargoed items, 15 quantitative control and 3 surveillance.

In private conversation with both the United States and the United Kingdom delegates, it was apparent that they feel the meeting of July 8th would be inconclusive in the very sensitive field of disagreed items and that one more effort should

be made with the object of at least reducing the area of disagreement to perhaps, 10 or 12 items.

We supported the suggested postponement, subject to confirmation of the new date which has now been found acceptable to Mr. Wilgress.

As a preliminary of any further discussion of disagreed items, it is likely that talks will take place in London and Washington with the object of endeavouring to establish an atmosphere of reconciliation through a joint memorandum by the United States and the United Kingdom. There is no indication yet as to what procedure will be followed here in Paris but in the event of any further item discussions, we shall be guided by your previous instructions and will assume that in instances where the United States sees fit to modify its position, we shall follow suit in the interest of achieving unanimous agreement wherever possible.

Views of governments on the new date are to be given Monday morning July 5th. In view of the availability of Mr. Wilgress, we propose to concur in the new date. Ends.

676.

DEA/11045-40

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

Secretary of State for External Affairs to Ambassador in France

TELEGRAM 329

Ottawa, July 7, 1954

SECRET

COCOM SHIPPING CONTROLS

Following for Scully, Begins: We would be grateful to have your personal opinions on the likelihood of the shipping control problem being discussed and agreement reached during the Consultative Group meetings on July 19. We would like to know your views because we are giving some thought to the desirability of intervening in the matter as continuation of the old control system would be disadvantageous to Canada if other countries cease to respect the 3(d) principle and we remain bound by it.

DEA/11045-40

677.

Note de la Direction économique pour le chef de la Direction économique

Memorandum from Economic Division to Head, Economic Division

SECRET [Ottawa], July 8, 1954

CONSULTATIVE GROUP MEETING, JULY 19TH-20TH

You asked for some comments on COCOM Document 1650 which was enclosed with Despatch 1047 of June 30th, attached.† The following comments relate to the C.G. Agenda.

Item II—Review of International Lists and of Enforcement Procedures

(a) Agreement has been reached during the course of the COCOM Review over the past two and a half months on all but 60 items, of which 42 are on List 1, 15 on List 2, and 3 on List 3. This is a rather formidable "hard core" for the C.G. to cope with. My feeling is that it is not for External Affairs to take the lead in dealing with these unresolved items. We have in the past preferred to leave it to Trade and Commerce and the Joint Intelligence Bureau, and have limited our concern to (1) not being more strict than the United States, (2) protecting Canada's position, (3) encouraging speedy agreement by a readiness to compromise and accept the majority wishes.

(b) Thirty-seven items would come under List 2 — Quantitative Controls, and these will probably give serious trouble. In the past 3(d) procedures have governed exceptions to quantitative controls, but these are no longer workable. For example, the United Kingdom has for the past six months been insisting that sterling payments constitute 3(d) justification. This sort of thing is becoming widespread among COCOM governments, and is a distortion of the original concept of assessing on which side the preponderance of strategic (as distinct from commercial) advantage lies. In general, we have been tending to favour a modernization of the outdated 3(d) procedure, but we have preferred to avoid the issue as much as possible by keeping to a minimum the number of items on List 2. For example, instead of seeking a quota for alpha cellulose, we advocated its down-grading off List 2 altogether. It should be recognized, moreover, that once a quota is admitted as a necessity for any commodity which can also be produced in the Soviet bloc or acquired from other non-COCOM sources, the case for rigid adherence and strict controls is greatly weakened. I feel we should not become too entangled in disputes about List 2 items, but should save our big guns for:

(c) Transaction and Trans-shipment Controls. In this we can fully support Trade and Commerce and the United States. We have always said in COCOM that the control procedures and effective enforcement are on a par with the international lists themselves in importance.

(d) Introduction of new lists before assurances of implementation of the enforcement procedures are given by all C.Ps. The interrelation between these two matters

is brought out by their being lumped together as the first substantive agenda item. Together they constitute a truly vexatious problem. We know the United Kingdom and their friends have been making substantial reductions of the international lists a prior condition to the introduction of effective transaction and trans-shipment controls, and it would be just as obviously a tactical manoeuvre on our part to try to delay the introduction of the reduced revised lists in the hope of speeding European acceptance of the T.A.C. etc.[21] I doubt very much whether we are in a strong enough position to get away with such behaviour, especially as we have agreed to the reduced lists per se. I also doubt that the United Kingdom pressures for relaxation can be kept in restraint much longer. While not wishing to follow in the footsteps of Cassandra, I nevertheless feel bound to suggest that the future prospects of COCOM as a harmoniously functioning piece of international machinery would appear very dim indeed if the United States and the United Kingdom cannot agree within the next month or so on such issues as this one.

(e) Shipping controls may come under consideration by the C.G. as Item 2415 is one of the most important of the many unresolved List 2 commodities. Arthur Neal may bring up for discussion an idea of his that Mr. Wilgress, by personally intervening in Paris, might somehow save the day for shipping controls. Quite honestly, I am skeptical of this possibility. The European governments are already deeply committed, and my feeling is that the problem has developed far beyond the power of individual personalities to influence seriously at this late stage in Paris. Moreover, it would be inconsistent with Mr. C.D. Howe's wishes for us to step off the sidelines. Besides I do not think Canada has been sufficiently detached or unconcerned with the shipping problem over the past four years for our voice as an "honest broker" to be heeded now.

Item III — Questions of Strategic Controls on Exports to Communist China and North Korea

I am not convinced that we should be as aggressive about this as Denis Harvey seems to be, but nevertheless I do think that we should support a reduction of the CHICOM levels of control to those of COCOM, purely as a matter of common sense and economic rationality. As long as we hold off such a concession, however, we might be able to bargain a little more effectively with the United Kingdom and others about imposing transaction and trans-shipment controls as quickly as possible. Also in the case of the disagreed items the China controls should be given the benefit of the doubt.

Item IV — Other Business

(a) Secrecy. I see no harm in the publication of the COCOM lists or of details of the transaction and trans-shipment control schemes as our own. Other countries would presumably do the same. Owing to leaks over the past year there is not much

[21] L'objet des certificats d'autorisation de transit était de veiller à ce que les marchandises contrôlées ne puissent pas être détournées vers une nouvelle destination à leur arrivée à l'intérieur des frontières des pays participants.
The purpose of the Transit Authorization Certificate scheme was to ensure that controlled goods could not be diverted to a new destination on arrival within the boundaries of participating countries.

secrecy left about COCOM but I think it would be politically preferable for each country to offer the COCOM lists as its own national controls rather than as an international list.

(b) Austrian Watch List. On this I have no comments.

D.B. WILSON

DEA/11045-40

678.

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 279 (CC-86) Paris, July 9, 1954

SECRET. IMMEDIATE.

Reference: Your telegram No. 329 of July 7.

EXPORT CONTROLS — COCOM SHIPPING CONTROLS

At today's meeting, the United States delegate notified the Committee that at the meeting of July 16, they might wish to make a statement. Obviously this would be based on the outcome of the joint talks recently concluded in Washington between Mr. Thorneycroft and Mr. Stassen. The United States delegation has intimated to me that there was not the degree of reconciliation hoped for in the talks but that there appeared some hope for reduction of the lengthy list of disagreed items mentioned in my telegram No. 266(CC-85) of July 2.

Private conversations with both the United Kingdom and the United States delegates have indicated that efforts are being made in capitals especially Copenhagen and The Hague to effect a basis for a compromise aimed at achieving a solution to the shipping control problem.

The results of such efforts, supplemental to the joint talks in Washington will be apparent, owing to the time factor, only at the C.G. meeting.

While the shipping control problem will certainly be discussed in C.G., the most we can look for is an exchange of views perhaps modified as a result of the present impasse so as to establish a basis on which COCOM would be instructed to again review the shipping control problem and bring forward recommendations.

Such an exchange in C.G. would provide us an opportunity of expressing our concern over the inadequacies of the present 3D principle, etc., coupled perhaps with a request that this question be reviewed by COCOM at an early date with the object of putting the old procedures in step with present day conditions.

There is some divergence in local press reports of the Washington talks, the consensus being that only mediocre results were achieved and this is perhaps borne out by the fact that there has been no move for a last minute review of the existing disagreed items in the week remaining before the C.G. meeting.

679.

DEA/11045-40

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

Secretary of State for External Affairs to Ambassador in France

TELEGRAM 336

Ottawa, July 12, 1954

SECRET. IMPORTANT.

Reference: Your despatch No. 1047 of June 30.†

CONSULTATIVE GROUP MEETING

Following for Scully (Embassy please pass copy to Mr. Wilgress), Begins: Officials of External and Trade and Commerce have been giving some preliminary thought to what our attitude should be to the various items slated for discussion on July 19. Naturally, much will depend upon the outcome of talks now going on between the U.S., and the U.K., Portuguese, Danish and Netherlands Governments. Subject to whatever modifications of our views may be rendered necessary within the next week by these negotiations, our tentative opinions are the following, and your comments would be welcome:

(1) *Lists*: We would like to see the revised Lists (to the extent already agreed upon) implemented as quickly as possible. While we are not unmindful of the pressures we could perhaps exercise on the U.K. and French concerning early implementation of transaction controls etc. by delaying adoption of the new Lists, we consider on balance that it would be to Canada's advantage to accept the Lists promptly and take our chances on the willingness of other P.C.'s to adopt the improvements in the enforcement procedures with the least possible delay.

(2) *Exception Procedures*: You are familiar with our desire to have these brought up to date with present-day conditions by taking into account such non-strategic factors as unemployment, balance-of-payment difficulties, etc. It follows that we would not expect to take the List II quite as seriously from now on as we have in the past, and will concentrate our main efforts on achieving effective enforcement of the List I Embargoes.

(3) *Disagreed Items*: Apart from aluminum and shipping, we would not propose to play an active part in resolving these problems. The other items are not of vital significance to Canada, and so we would rather limit our concern to promoting harmony in COCOM and the widest possible measure of agreement of the Lists.

(4) *China List*: We have been cautious about this in the past and intend to go on being that way, avoiding involvement over this critical issue. We are most unanxious to compete for publicity in the current U.S.-U.K. dispute. Nevertheless, we could no longer give the U.S. the kind of support we did before the Geneva meetings began. We doubt that there would be any political advantage to be gained at this late stage which would off-set the commercial disadvantages to Portugal, Japan, and others involved in the continuation of the special China List. In the

Consultative Group Meeting, therefore, we plan to take the line that there is no strategic justification in treating China and North Korea as a bloc commercially distinct from the rest of the communist world, and that we would agree to bringing the COCOM and CHICOM lists into line.[22]

From this distance, we have formed an impression that there is serious danger that COCOM may break down this year under the strain of divisive influences. This might happen if either (a) Portugal withholds agreement to implementing revised COCOM Lists and other P.C.'s put them into effect anyway or (b) Portugal abandons the Special China List without the consent of the other P.C.'s.

Because of these fears, Trade and Commerce is approaching the U.S. Embassy informally to learn (i) whether they share our misgivings over the future prospects for COCOM,[23] (ii) if so, how far would they be prepared to compromise with the Portuguese to save COCOM (assuming Portugal could not be brought into line by any threat to cut off U.S. aid), and (iii) would they welcome Canadian intervention aimed at some form of compromise?[24]

(5) *Shipping Controls*: In the light of your 279 of July 9 we can only wait and hope for the best, while lending our support to any proposals acceptable to the majority. We had toyed briefly with the idea of intervening as an honest broker, but don't feel there would be enough hope of achieving something constructive to warrant such action. Strategic reasons aside, we are most anxious for some control system along the lines of the U.K. draft to be accepted because it would become increasingly embarrassing to bind ourselves indefinitely to the strict 3(d) rules which are not readily applicable to our situation, while European competitors interpret these same rules more flexibly to their own commercial advantage.[25]

While on this subject, with reference to your despatch 1067 of July 2,† we would not stand in the way of the Japanese if that would help to secure general acceptance of the hoped-for future controls within whose framework all COCOM sales should take place.

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[22] Note marginale :/Marginal note:
Tone down. [Auteur inconnu/Author unidentified]

[23] Note marginale :/Marginal note:
U.S. compromise — Chicom [editorial? additional?] review — give it a run. [Auteur inconnu/Author unidentified]

[24] Note marginale :/Marginal note:
Not without consultation at the time. [Auteur inconnu/Author unidentified]

[25] Note marginale :/Marginal note:
U.K. proposal — US unable to [?] speed — [?] 200 and if have to [?] [?] for reduction from 15 to 14 knots — Dutch — Danes [Auteur inconnu/Author unidentified]

680. DEA/11045-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council and OEEC

TELEGRAM 481 Ottawa, July 16, 1954

SECRET. IMPORTANT.

Reference: My telegram No. 336 of July 12 to the Embassy.

INSTRUCTIONS FOR CONSULTATIVE GROUP MEETING

We have just concluded some frank and friendly discussions begun yesterday with officials from Washington from which the following main points emerged:

(1) *General*: Bilateral United States talks with the Danes and Portuguese, have so far been inconclusive and therefore have no direct bearing on what follows.

(2) *COCOM Lists*: We learned that the current Geneva negotiations on Indo-China are casting their shadow over Washington where U.S. COCOM thinking is still fluid even at this late date. They expect to reach a decision only at the eleventh hour (perhaps not before Monday morning) on either agreeing to implement, or seeking to delay the adoption of, the reduced Lists. You should therefore keep in close touch with the U.S. Delegation. The determining factor for the U.S. Government apparently will be whether a settlement in Indo-China satisfactory to the U.S. (the officials could not elaborate on this) comes into view by Monday or Tuesday, or whether the situation takes a marked turn for the worse.

In the latter event the whole "long-haul" concept of the cold war might be set aside on second thoughts by the United States, and in COCOM they would consequently work towards a complete reversal of the trend towards relaxing controls evident since the Berlin meetings earlier this year.

If you are confronted with a determined U.S. move to defer implementation of the reduced COCOM Lists because of the possible unfavourable political and symbolic implications of such relaxations to the Geneva truce talks, we would not expect you to stand out in opposition. If the U.K. and other P.C's agree, you could of course accept a temporary deferment of the issue until another CG meeting can be held later on in more auspicious circumstances. If that happened, we doubt if anyone would expect this CG Meeting to accomplish anything useful.

Assuming, however, that the U.S. will be prepared to proceed with the CG discussions on Monday we would expect that their position will be to lump together for COCOM acceptance as a package deal the following items, the first three of which are interrelated:

(a) implementation of the reduced lists;

(b) adoption of tighter enforcement procedures (Transhipment and Transaction Controls, etc.);

(c) acceptance of U.K. Document 1670 on the unresolved items;

(d) indefinite deferment of serious considerations of the Portuguese suggestion for reducing the special China List to the COCOM levels.

We could support the U.S. on acceptance en bloc of (a) (b) and (c) above to the same extent as the U.K. and others are willing to do so. Point (d) is dealt with below.

(3) *China List*: We were somewhat surprised at the apparent complacency of the Americans over the threat to COCOM's future we envisaged in the Portuguese stand. They did not seem to be unduly concerned and doubted that the Portuguese would strain the rule of unanimity to the breaking point just to get their own way.

For our part in our talks with the U.S. we elaborated our misgivings over the effects on Western security of having two separate levels of control for areas which are linked by well established lines of communication. As an example, we pointed out the illogicality of Japan's being allowed to ship to Vladivostok commodities not on COCOM Lists I or II which could then move freely down to China, while at the same time Japan could not sell them directly to China. The only alternative would appear to be for Japan to apply the China List to her trade with the Soviet Maritime Provinces. The Americans seemed to think that something like this would happen in practice.

Concerning the related question of shipments from Gdynia by sea, the Americans suggested that their Delegation might lay before the CG Meeting some administrative proposals for preventing transshipments to China via the Soviet Bloc of items on the China List but not on the COCOM Lists, but they were unable to clarify this idea and we were rather sceptical. We encountered a certain lack of realism in U.S. thinking on this point amounting almost to an unwillingness to face the facts. They appeared to be very much under the influence of their own domestic situation which as you know involves a complete embargo on trade with China. We had to agree to differ on this point, for our attitude was that it would be difficult or impossible to enforce measures designed by the U.S. to uphold the artificial distinctions for trade purposes between the Eastern Soviet and Far Eastern Communist blocs.

We learned at this stage of important leaks of strategic goods to China via Macao, and expressed our concern, lest the Portuguese, if baulked over a reduction of the China List, should continue to honour it more in the breach than in the observance. To us it is important for some compromise to be devised for closing as far as possible the gap between the U.S. and Portuguese positions. We discussed very briefly the desirability of your playing the role of an honest broker by virtue of the greater flexibility and objectivity of the Canadian position than that of the U.S. We left it for you to exercise your discretion over this possibility, and if (but only if) the U.S. and U.K. delegates indicate that it might stand a chance, you might take the initiative in trying to work out something constructive. The only hints we can give you from this distance are that the nature of any acceptable compromise would have to reflect the judgment of the majority of P.C's on the question of timing. There should be general recognition that the China List needs to be reviewed sooner or later, but there is much to be said for making haste slowly at this time. In

order of gradualness, possible compromises might involve directives from the CG to CHICOM to:

(a) carry out a substantive review of the China List using criteria to be agreed upon;

(b) merely consolidate the present multiplicity of international lists applicable to China;

(c) carry out a mere editorial review of the China List alone.

We need hardly say that if you have any doubts about the wisdom and usefulness of a personal intervention, we would prefer you to stay out of the dispute and let someone else do the peacemaking.

(a) *Ships*: The United Kingdom have just solicited our support for what they think is a compromise the Danes and Dutch might be willing to accept. It is based on a 200,000 ton ceiling and 16 knot speed limit.

The U.S. and U.K. seem to doubt whether the Soviet Bloc would buy ships in excess of that limit any way, but if that were so the U.S. feel there would be no point at all in COCOM setting such high quota. We therefore have no incentive to support the latest U.K. proposals. Moreover, even if the Danes accept the U.K. suggestion, the U.S. will not repeat not (especially with respect to the speed maximum), and in these circumstances Canadian support or opposition would make almost no difference one way or the other. Consequently we would like you to be rather passive about this if shipping is discussed by the CG. If pressed for an opinion (and you might say as much in any advance conversations with the U.K. delegate), you should indicate our unwillingness to support the U.K. proposal. If all other countries were prepared to accept it (or some modification of it) we would be willing to agree in keeping with our general objective of preserving unity in COCOM. The disagreement is not between us and the U.K., but ostensibly between the U.S. and Denmark, and we intend to stay out of it.

Certain specific points discussed with the U.S. are reported on in my following telegram.

681.

DEA/11045-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council and OEEC

TELEGRAM 482

Ottawa, July 16, 1954

SECRET. IMPORTANT.

Reference: My immediately preceding telegram.

INSTRUCTIONS FOR CONSULTATIVE GROUP MEETING

We are reporting below separately on certain items which were discussed with United States officials today and yesterday. Begins:

Unresolved Items

We were informed that the U.K. and the U.S. have now reached agreement on most of the unresolved items. The Americans still have some questions regarding the alloying content of stainless steel. In this they are at present opposed to the French views which involve a large permissible content of alloying elements. We have no further comment to offer in addition to that already supplied to the COCOM delegate. In general, we will support the majority views particularly if they command both U.K. and U.S. approval. We have not yet received Doc. 1670.

Transaction Controls

The Americans expressed the view that the French will not press their objections on the ground of conflicts with M.F.N. obligations. They are hopeful that the French views respecting the difficulties of identifying goods can be overcome. The U.K. has indicated that it is now prepared to introduce Transaction Controls even if all countries do not put the Transit Authorization Scheme into effect at once. Canada of course favours the introduction of both by all P.C.'s as soon as possible.

Quotas and Exceptions Procedures

We agreed generally that exceptions should be minimized, that quotas on List 2 items should be kept at a realistic level in relation to security risks and that all or part of the quotas should remain unallocated. It was agreed that the quota procedures as outlined in COCOM documents 470 and 471 should be reviewed. This is a subject which in all probability should be referred to the COCOM to be worked out in detail. The U.S. also understand that questions may be raised concerning the establishment of interim quotas for List 2 items pending the time when these can be given fuller consideration by the COCOM. We did not offer specific comment on this other than to recognize it as a problem. The magnitude of the problem is minimized by the fact that List 2 does not contain many items.

Secrecy

Two aspects of this question were discussed. The first involved a question on the publicity that will be given to the new lists. It is understood that most of the countries will find it necessary to publish lists. There is no need, however, to identify it as an International List but they could be represented in each country as a National List. When the Transit Authorization Scheme and the Transaction Controls are put into effect it would be useful if the names of the cooperating countries could be published. It was agreed, however, that neither the U.S. nor Canada wished to embarrass the other participating countries by disclosing information the latter wished to withhold. If there is objection to publishing a list of countries participating in the two control schemes, other expedients could be found. Ends.

682.

DEA/11045-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 291 (CC-89)

Paris, July 21, 1954

SECRET. IMPORTANT.

Reference: Your teletypes Nos. 481 and 482 of July 16 and our teletype No. 284 (CC-88) of July 16.

EXPORT CONTROLS — COCOM — CONSULTATIVE GROUP MEETING

Following for D. Harvey from H.B. Scully, Begins: Although the consultative group meeting just concluded did not resolve all outstanding points of difference generally speaking, an encouraging degree of agreement was reached on most of the main subjects.

1. *List review*

At this morning's meeting, it was generally agreed as a result of the decision reached in Geneva, that implementation of the Co-ordinating Committee's recommendations based on the list review should be effective on August 16. The United States only were unprepared to accept this date but agreed to inform the participating countries of their stand not later than July 27.

The Portuguese delegation withdrew their reservation (COCOM Document No. 1582) to implementation when they received the assurance of the group that requests for exceptions to the China list that they might submit from time to time would receive sympathetic consideration. Such requests for exception would be handled through notification to and discussion in the China Committee with respect to MACAO only and would relate solely to items affected by the discrepancies now existing between the China list and the new international lists about to be implemented. In connection with the lists, there are a few items without substantial significance to Canada, stood over for some further discussion, for example item 1650.

2. *Fishing vessels*

The question of shipping was put in the hands of a working group and the fishing vessel quota was resolved as follows:

On the understanding that fishing vessels over 20 years of age would be counted as half units and fishing vessels of less than 130 feet in length would also be counted as half units, it proved possible to agree to the following allocation:

FISHING VESSELS

BELGIUM	7	JAPAN	6
DENMARK	7	NETHERLANDS	4
FRANCE	5	NORWAY	4

GERMANY	7	UNITED KINGDOM	9
ITALY	4	UNALLOCATED RESERVE	2
			55

It was a general understanding that although the allocation had been made in respect of the yearly quota the quota would be considered as a three-yearly one covering the years 1954 1955 1956. This was approved by the consultative group and in view of the agreement reached on quota, Denmark withdrew its reservation on the list 1 definitions with the result that the whole fishing vessel question is now settled. Your attention is drawn to the unallocated reserve on which we insisted, amounting to two vessels annually. It should be noted in connection with the foregoing figures that several countries notably United Kingdom and Norway in presenting previous submissions for trawlers undertook to apply their orders against whatever future quota was established. These amounted to 20 units in the case of the United Kingdom and 2 for Norway.

3. *Merchant ships*

Owing to the firm position taken by Denmark it was impossible to reach agreement on a merchant shipping quota but under pressure from the other fourteen delegations, Denmark did agree that the embargo aspects other than speed should be brought into force at once. They refused to alter their position on speed holding out for 16 knots. Finally the Danish delegate made two alternative proposals:

(a) That there should be an unallocated quota with a soft ceiling over which there should be application of the 3(d) procedure possibly with prior consultation or,

(b) That the quota should be fixed on a somewhat lower level and allocated nation by nation, but that exports should be allowed by individual countries above these national quotas in accordance with the 3(d) procedure. And said he could in no circumstances accept an unallocated quota with a hard ceiling. Both we and the United Kingdom stated that the Danish proposals were unacceptable while other delegates said they had no instructions on which to express an opinion. Greece stated just as firmly that they could accept nothing but an unallocated quota. Eventually it was established that reasonable possibilities existed for establishment of an unallocated hard ceiling quota approximately of 550,000 tons with a speed limitation of 15.2 knots but Denmark refused to budge with the result that merchant shipping continues subject to the present procedure (3(d) etc.) and even here the Danes stated they did not intend to entirely abide by the unanimity rule but that they would only take action contrary to the wishes of the committee after careful consideration of all factors. Several delegates having stressed the fact that the present system was breaking down, it was decided that a consultative group meeting would convene on September 7 for the express purpose of again discussing the shipping question. In the interval, governments were requested to express their views on the two Danish proposals ((a) and (b) above) and to bring forward any further suggestions or plans likely to provide a basis for a shipping control consistent with the security interests of the west.

4. *Enforcement*

Following is the note and instruction issued to the Co-ordinating Committee concerning enforcement procedures and your attention is drawn to paragraph 2 particularly so that appropriate steps may be taken in the interval:

1. The consultative group notes that delegations have given unanimous approval to the "TAC" system of transit control described in annex A to COCOM Document No. 1643, and have therefore agreed that after a decision is reached to implement the reductions of the international lists, their governments will take the necessary steps to place the scheme in operation as promptly as administratively and legally possible and to introduce transaction controls if they do not already have transaction or financial controls in force;

2. To carry out the agreement in paragraph (1), the consultative group instructs the Co-ordinating Committee, as promptly as possible and in any case by the 1 October 1954, to co-ordinate the final technical details (including fixing the date) for implementing the TAC scheme, having in mind the desirability of the greatest possible degree of uniformity between the regulations of participating countries;

3. Without prejudice to the prompt fulfilment of the commitments recorded in paragraph 1 above, but with a view to the further improvement of the TAC scheme as described in COCOM Document No. 1643, the consultative group instructs the Co-ordinating Committee:

(a) To study the improvements which might be made in the TAC scheme, especially as concerns the measures required to facilitate identification of the strategic character as well as the origin of the goods;

(b) To examine the possibility for member governments to exchange experts who would study the conditions of implementation of the system and, in the light of experience, suggest how the system might be improved in order to make it more effective;

(c) To seek means to ensure that the implementation of the TAC scheme shall be compatible with the Most-Favoured-Nation clause which is contained in the agreements concluded between certain member governments and the Soviet bloc governments.

5. *Quantitative control and surveillance quantitative control*

The consultative group

1. Instructs the Co-ordinating Committee to review the existing list II procedure as set out in COCOM Document No. 470 and to submit recommendations for amendments at the next meeting of the consultative group.

2. Pending agreement on any changes, the existing procedure should apply to the new list II. In view of the necessity to agree control arrangements for immediate operation in the event of the new lists being implemented before new procedures have been worked out, the consultative group agreed that the first task of the Co-ordinating Committee after the recess should be to fix quotas or other quantitative control procedures for the new list II for the remainder of 1954 and for the year 1955; and that the Co-ordinating Committee should if possible complete this task

by the 15 September. The consultative group therefore instructs the Co-ordinating Committee to adopt the following temporary measures:

(a) If agreement has not been reached by the 1 October, exports of these items which are now under embargo (New items 2001, 2003, 2052, 2070, 2074, 2129, 2133, 2154, 2450, 2479, 2568) should be controlled in accordance with paragraph 3(d) of COCOM Document No. 470, pending further consideration. In authorizing such exports, countries would ensure so far as possible that they would not be prejudicial to achieving the security objectives. Before that date there should be no exports of these items except under unusual circumstances after prior consultation with the committee.

(b) The items coming from the old quantitative control list (Items 2002, 2050, 2265, 2270, 2580, 2601, 2635, 2671, 2764) should keep the quotas previously set for 1954 until the committee should be in a position to allocate new ones. In authorizing exports, however, member governments should have regard to the substantial narrowing of coverage in the new definitions of items 2050, 2270 and 2580.

Surveillance

The consultative group instructs the Co-ordinating Committee to review the existing list III procedures as soon as possible after the recess and to report for approval at the next consultative group meeting any recommendations for improved surveillance techniques.

Meantime, member governments should ensure that they maintain adequate means of accurate and prompt reports of exports of items on the new list III, in order that the committee may, if necessary, reach quick decisions, with prompt implementation of such decisions, on the desirable level of future exports.

The consultative group further instructs the Co-ordinating Committee to study the question of what procedures should be instituted or retained to minimize transshipment to Communist China and North Korea of items to be removed from the international lists.

6. *Far East*

It was agreed that a review of questions of strategic controls on exports to Communist China and North Korea would be premature at this date. Accordingly with Japanese and Portuguese agreement, the question has been postponed for consideration at a later date, tentatively October.

General statements and specific comment of significance made by various delegations during the course of the meeting together with the minutes will go forward by air bag. Ends.

683. DEA/11045-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council and OEEC

TELEGRAM 515 Ottawa, August 4, 1954

SECRET

Reference: Embassy telegram No. 297 of July 23.

SALE OF SHIPS TO THE SOVIET BLOC

Following for Wilgress from Acting Under-Secretary, Begins: We would like to have your and Scully's reaction (without discussing this with any other Delegations) as soon as possible to the following outline of our present thinking:

1. It now seems clear that in the most unlikely event that the Danes come round to accepting a 550,000 ton hard ceiling without national quotas or a 450,000 ton hard ceiling with national quotas for a three-year period, they would do so only if their wishes regarding the upper speed limit of 16 knots are met and if the quota figure applies only to COCOM deliveries. This means, in effect, that the Consultative Group will be faced with a choice at its meeting on September 7 of either giving way to the Danes on the speed question and setting an even higher global quota, or else leaving matters as they now stand, which is to say, letting creeping anarchy continue to make its way into the field of shipping controls. Knowing that the Danes do not intend to abide by the unanimity rule entirely, and having in mind the large number of recent sales justified on highly questionable 3(d) grounds, we would find the second alternative about as unsatisfactory as the first.

2. When we said in telegram No. 481 of July 16 that we would accept the latest United Kingdom proposals involving a 200,000 ton annual COCOM quota if *all* other P.C.'s did the same, we meant of course that we would not wish Canada to wreck the scheme by being the only country in opposition. As you will have gathered, however, to have had to accept it on those terms would have been very painful to us. Notwithstanding our preparedness at that time to make such a sacrifice of security considerations for the sake of unanimity in COCOM, we have been driven by the latest reports on the Danish position to do some serious thinking about whether it would really be worth while to give way that much after all.

3. As you may know, we expressed the view in telegram No. 303 of June 21 to the Embassy that unless some agreement on shipping controls were reached quickly, we would risk ending up with no quantitative controls at all. We feared this because of our traditional belief that as *all* ships have strategic importance to some extent in time of war they should not be sold freely to the Soviet Bloc. However, it has been just as much a part of our thinking all along to hold that whatever controls COCOM applies must be worth while and that the protection they give the West must be the justification for the self-denial of the ship-builders. (Obviously the

higher a quota is set, the less is our protection and the less is the value of the remaining controls). We have had no intention of ever drifting into a situation in which a compromise was reached involving fairly generous scales of ship sales by European countries and continued strict and irksome controls for Canadian (and United States) builders.

4. Our willingness over the past years to hold back our own builders has, therefore, been conditional upon other Participating Countries playing the game and not taking advantage of us. We have never lost sight of the fact that the security of European countries would be hazarded by excessive ship sales to an extent far greater than our own would be. We have accordingly been reluctant to appear more conscientious than countries like Denmark, Norway and the Netherlands in our zeal for safeguarding the West's security. Indeed, we are beginning to weary of our efforts over the past six months to keep this whole problem in its proper perspective in COCOM discussions. We are growing disheartened at the way some of the smaller and closer neighbours of the Soviet Bloc seem determined to have their way over unlimited ship sales.

5. In these circumstances, we are beginning to wonder whether we might not just as well adopt a Pontius Pilate attitude and give up the struggle next September 7 either by letting the Danes wreck all hopes of reaching a worth while agreement on quantitative controls or else by tipping over the apple-cart ourselves by a demonstration of equal stubbornness in the opposite direction.

6. What would be your views on a suggestion that we tell COCOM that in the Canadian view any quote arrangement which does not encompass all Soviet acquisitions and does not limit speeds to 15 knots would represent control in form but not in substance. Even without national allocations, a global quota which exceeded 150,000 tons per year would be pointless and merely a source of embarrassment without any security advantage. While we would not anticipate Soviet orders being filled in Canadian yards, we could not accept a demand to continue controls on our ship builders in these circumstances.

7. Unless you see any serious objections to the foregoing, it is what we will probably recommend to Cabinet for the sake of either

(a) preserving the minimum security safeguards that would be worth while in the light of the friction bound to be generated between competing P.C's and the burden of administering controls or, if that fails

(b) gaining freedom for Canadian ship-builders to accept Soviet orders as freely as other P.C's, thus eliminating a source of embarrassment to us. Ends.

684. PCO

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

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 182-54 Ottawa, August 31, 1954

SECRET

SALE OF SHIPS TO THE SOVIET BLOC

For several years past Canada, together with her NATO partners, West Germany and Japan, has exercised controls limiting the sale of merchant ships to the Soviet Bloc. The representatives of these countries meet in Paris and that group is commonly known by the initials of the Consultative Group's Coordinating Committee (COCOM).

During the past year, however, pressures have been building up in many of these countries for relaxations of those controls, partly because they have come to regard ships as having less strategic importance than formerly, and partly because of domestic, political and economic factors such as growing unemployment in their shipyards.

The pressures which have been built up reflect Soviet enquiries which are not always *bona fide* offers of business. However, in Canada there have been discussions with the ship-builders and more recently enquiries for existing ships in the form of about twenty Park steamships (7,155 G.R.T.) with the result that now Canadian ship-owners as well as ship-builders have been led to believe that there may be lucrative business in prospect. Colour has been lent to this belief by reports over the past year of sales of ships to the Soviet Bloc by other countries. There may be more than a coincidence in this new development occurring shortly before the next meeting of the Consultative Group to discuss shipping (scheduled for September 7).

Many efforts have been made recently by COCOM to devise some satisfactory way of bringing up to date the controls on ship sales that were in force from 1950 onwards, and allowing for increased sales to the Soviet Bloc, while at the same time preserving the essential safeguards for the security of the West.

So far no agreement has been reached on any new quota control system, and the need for a solution to this problem is becoming increasingly acute because COCOM countries are committing themselves to future deliveries of ships to be counted against their shares of some future quotas which have not yet been established.

Throughout the long course of the debates in the Paris Group on this difficult subject, the Canadian delegate has taken the position that, if any form of quantitative controls were to be kept in force (and we favoured these in principle) they should be set at levels sufficiently low to ensure that their effects in terms of secur-

ity protection for the West were in themselves ample justification for the sacrifices the ship-builders in the COCOM countries were called upon to make in refusing Soviet Bloc orders.

At present the situation is this. The United Kingdom has proposed a system of controls which would provide for sales of non-embargoed types of merchant ships to the Soviet Bloc from COCOM countries aggregating not more than 200,000 gross registered tons per year. Denmark has refused to accept any such controls unless provisions are made for exceptions above that level, and the embargo speed limit is raised to 16 knots from the present limit of 12 knots fully loaded (about 14 knots in most favourable conditions). The majority favour some sort of compromise but the Danes have been inflexible in their opposition to continued controls for over four months, and show no signs of giving way.

Because of the importance of this problem, a special meeting of the Consultative Group will be held in Paris on September 7 to attempt to reach some form of agreement at long last. It is, therefore, necessary for the Canadian position to be clarified, and to this end I now wish to recommend that the Canadian delegate (Mr. Wilgress) be instructed along the following lines:

Any quota arrangement for non-embargoed types of ships which would allow the Soviet Bloc to acquire more than 150,000 G.R.T. of shipping each year from all sources (including new construction with the Bloc itself and sales by non-COCOM countries) would represent controls in form but not in substance. Consequently, if the Consultative Group were to establish a new control system based on a higher annual rate of acquisition of ships by the Soviet Bloc than the 150,000 ton figure mentioned above the Canadian Government would be unlikely to agree to continue enforcing controls on her ship-builders and ship-owners in respect of non-embargoed types of vessels, and would probably wish to reserve the right to permit sales of ships to the Bloc in those circumstances (although there may be some doubt whether any firm Soviet orders for ships will actually be placed in Canada) on the grounds that such high levels of control would be pointless and would merely embarrass the Paris Group without offering any commensurate security advantages.[26]

L.B. PEARSON

[26] Approuvé par le Cabinet le 1er septembre, 1954/Approved by Cabinet, September 1, 1954.

685. DEA/11045-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council and OEEC

TELEGRAM 596 Ottawa, September 3, 1954

SECRET

CONSULTATIVE GROUP MEETING ON SEPTEMBER 7

Following for Wilgress, Begins: Yesterday (Sept. 1) Cabinet approved a recommendation on the subject of ship sales to the Soviet Bloc that you be instructed along the following lines:

"Any quota arrangement for non-embargoed types of ships which would allow the Soviet Bloc to acquire more than 150,000 G.R.T. of shipping each year from all sources (including new construction with the Bloc itself and sales by non-COCOM countries) would represent controls in form but not in substance. Consequently, if the Consultative Group were to establish a new control system based on a higher annual rate of acquisition of ships by the Soviet Bloc than the 150,000 ton figure mentioned above the Canadian Government would be unlikely to agree to continue enforcing controls on her ship-builders and ship-owners in respect of non-embargoed types of vessels, and would probably wish to reserve the right to permit sales of ships to the Bloc in those circumstances (although there may be some doubt whether any firm Soviet orders for ships will actually be placed in Canada) on the grounds that such high levels of control would be pointless and would merely embarrass the Paris Group without offering any commensurate security advantages."

2. The essential point is that we are not at this time prepared to accept any new control system going beyond the foregoing. We realize the chances of our views being accommodated by COCOM is about NIL, and so you should take the line that while we have no intention or desire to frustrate whatever hopes may exist for agreement by opposing whatever new plan may be acceptable to the majority of COCOM, we nevertheless could not undertake to bind ourselves to respect it if it were to go beyond the limits set out in my paragraph 1. In short, you should do nothing to enforce continuation of the discredited pre-1954 system by using the veto power of a contrary vote, but you should simply abstain from voting. We are unwilling to share the collective responsibility for any nugatory system wherein the West's self-denying sacrifices are not clearly justified by security advantages sincerely desired by all our COCOM partners and especially by those who are the closest neighbours of the USSR.

3. We leave it to your discretion, of course, just how to make use of the instructions approved by Cabinet which are perhaps too blunt for COCOM records in their present form. We would expect you to delay intervening in the discussions as long as possible to gain time to see how matters are developing. We believe, how-

ever, that the United States and United Kingdom are willing to accept a figure as high as 200,000 G.R.T. annually for COCOM alone.

4. Canadian officials will meet with United States officials (who do not yet know that you are going to take a firm line) in Washington tomorrow and we will let you know if any new developments of importance occur which might influence the instructions in this telegram. Ends.

DEA/11045-40

686.

Le chargé d'affaires de l'ambassade aux États-Unis au secrétaire d'État aux Affaires extérieures

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

TELEGRAM WA-1535 Washington, September 3, 1954

SECRET. IMPORTANT.

Reference: External Affairs telegram of September 2, 1954.[27]
Repeat Canac Paris No. 3 and Stadacona Paris.

CONSULTATIVE GROUP MEETING — SHIPPING CONTROLS

Following is report of Canadian delegation on discussion with Americans, Begins: Principal concern of United States over new Canadian position is that this might make it impossible under a strict legalistic interpretation of unanimity rule to arrive at agreement on any basis involving supply of over one hundred and fifty thousand tons per annum to Soviet bloc.

2. This concern was accentuated by their expectations that Danes will continue their previous reservations. We expressed some skepticism and indicated that we did not altogether share their misgivings.

3. United States concern was to a large extent off-set by our sympathetic initial reaction to proposed new formula they had in mind for use in event that it is impossible to arrive at agreement on a global quota.

4. In fact, they do not believe that an agreement can be reached even at the level of a two hundred thousand ton annual global quota. Nevertheless they will press for a global quota but if this endeavour fails they then intend to enter a substitute proposal giving any country the right to export thirty-five thousand tons per annum, with a reservation involving automatic review if the total of national tonnages threatens to exceed six hundred thousand tons over a period of three years. Provisions parallel to those recently under discussion would cover repairs and old vessels.

[27] Fort probablement, une version du document précédent.
[27] Most probably a version of the previous document.

5. This new proposal would appear to obviate our difficulties with discrimination against Canadian sales of ships since it would reserve to Canada the right to export up to 35,000 tons per annum.

6. The Americans expressed the strong hope that we would support them vigorously in holding the line at an upper speed limit of fifteen knots for non-embargoed ships.

7. We were also informed that the British might raise the question of the non-removal of types of radar considered by them to be harmless. We agreed to support any move by the Americans to refer this subject to technical experts. Ends.

687.

DEA/11045-40

Le secrétaire d'État aux Affaires extérieures
au représentant permanent auprès du Conseil de l'Atlantique Nord et l'OECE

Secretary of State for External Affairs
to Permanent Representative to North Atlantic Council and OEEC

TELEGRAM 602

Ottawa, September 7, 1954

SECRET. IMPORTANT.

Reference: Washington Embassy's telegram No. 3 of September 3.[28]

CONSULTATIVE GROUP MEETING — SHIPPING CONTROLS

If the United States propose a new formula for control over non-embargoed types of vessels limiting COCOM countries to deliveries of shipping to the Soviet bloc not exceeding 35,000 G.R.T. per annum per country, and if the Danes and a majority of the others appear to favour it, you may indicate that while such a scheme would not limit Soviet acquisitions to the low annual rates which are desirable from the viewpoint of Western security, we would nevertheless be prepared to recommend the United States plan to Cabinet for favourable consideration. For your information we would do this on the grounds that (a) COCOM feels some control should be continued for its political and psychological value, (b) Canada would be in no worse a position than her COCOM partners and (c) we would not expect any firm Soviet orders to develop in Canada anyway.

[28] Voir le document précédent./See the previous document.

DEA/11045-40

688.

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 404 (CC-94) Paris, September 10, 1954

SECRET. IMPORTANT.

Reference: Your telegram No. 602 of September 7.

C.G. MEETING — SHIPPING CONTROLS

The Consultative Group discussions have resulted in the following proposals forwarded in today's air bag but quoted in full owing to the importance and urgency involved. Governments must indicate whether or not the proposals are acceptable by September 20 at which time the Coordinating Committee will meet to decide whether or not a further CG meeting must be convened.

With reference to the proposals for quantitative control, it is interesting to note that the Working Group meeting on the afternoon of September 8 was completely unsuccessful in achieving realistic results and in fact ended up with a total quota requirement of over one million tons for the three year period. It was after this report was presented to the CG that we made our statement following your instructions contained in your telegram 596. This served to encourage the Chairman to reiterate that the group was meeting to discuss controls in relation to western security not the market potential of the Soviet Bloc. Finally, the United Kingdom brought forward the suggestions contained in the two annexes on the following day and after a full day's discussion, these were finally approved by the Consultative Group for reference to member governments with replies scheduled to be heard September 20.

While the ceiling tonnage figure exceeds 450,000 tons the proposed quantitative control scheme is not too incompatible with our views and contains provisions reference paragraph 5 Annex B whereby any member country may request a general review of the situation if it considers strategic, economic or political factors warrant it.

Annex A to C.G. Paper XIV, Consultative Group
Control of Vessels; Embargo Speed Provisions
9th September, 1954

1. The Consultative Group agreed to embargo the following:

"Ships capable of more than 15.5 knots when in calm water with clean bottom under the most favourable conditions of load at maximum power.

(Note: For practical purposes, this should be considered equivalent to about 14 knots fully loaded.)"

2. In recognition of the special circumstances confronting the Danish shipbuilding industry and the Danish economy, the Consultative Group agreed that Denmark might, when this seemed necessary to safeguard Denmark's vital economic interests, undertake to deliver to the Soviet Bloc in any calendar year, out of its permissible 35,000 gross registered tons, up to 15,000 GRT of merchant shipping capable of speeds above those specified in paragraph 1 above. This 15,000 GRT is not cumulative from year to year.

3. Denmark for its part, undertook to make as little use of this special privilege as the protection of Denmark's vital economic interests required. Denmark further undertook to notify the Coordinating Committee promptly of the special circumstances leading Denmark to avail itself of this privilege in any particular instance. Where the speeds are not more than 2 knots above those in paragraph 1, such notification would be given promptly after execution of the contracts. Where the speeds are more than 2 knots above those in paragraph 1, such notification would be given in advance for prior consultation.

4. It was understood by the Consultative Group that the above-described exception from the embargo speed provisions was accorded to Denmark because of the special circumstances brought to the attention of the group by the Danish Government; and would not constitute a precedent with respect to any other country or any other commodity.

Annex B to C.G. Paper XIV, Consultative Group
Scheme for Quantitative Control of List II Vessels
(except fishing vessels)
9th September, 1954

1. For the period 1954, 1955 and 1956, no participating country shall deliver list II vessels (except fishing vessels) to the Soviet Bloc at a rate higher than 35,000 GRT per annum. Any unused portion of this 35,000 tons may be carried over into succeeding years, but none may be anticipated. In other words, member governments shall hereafter avoid any future commitment involving deliveries in excess of 35,000 tons in 1954, 70,000 tons in 1954-55 and 105,000 tons over the three years 1954, 1955 and 1956. Fractional charges for ships over 20 years old and for major rebuilding overhaul, and completion work will be on a basis to be worked out in the Coordinating Committee.

2. Over the three-year period, aggregate deliveries from participating countries to the Bloc should not exceed 600,000 GRT. Therefore when deliveries appear likely to exceed this figure — i.e. when signed contracts for deliveries have reached a total of 500,000 GRT — the Coordinating Committee shall meet to consider the necessary measures in order that the 600,000 ton figure be not exceeded. Nevertheless, recognition shall be given to commitments, whether by trade agreement or signed contracts existing as of the 8th September 1954, to the extent that any country shall be permitted to honour such commitments even if it should be necessary, for this purpose, to exceed the agreed overall level of 600,000 GRT. Each country will notify the Coordinating Committee immediately and in detail of its commitments as of the 8th September 1954.

3. Quotas should be earmarked and charged only after construction or sales contracts have been signed.

4. For the purpose of maintaining a continuous record of completed and scheduled deliveries, each participating country shall submit forthwith to the Secretariat an itemised list of:

(a) Actual deliveries completed to date since the 1st January 1954;

(b) Deliveries contracted for and scheduled to take place *before* the 31st December 1956, indicating in each case the anticipated month and year of delivery;

(c) Deliveries contracted for and scheduled to take place *after* the 31st December 1956, indicating in each case the anticipated month and year of delivery.

The Secretariat shall compile this data and circulate through the Coordinating Committee, by not later than the 1st November 1954, a cumulative schedule of anticipated deliveries. Thereafter governments shall promptly notify the Committee of any additional deliveries scheduled to take place prior to the 31st December 1956; and the Secretariat shall circulate revised cumulative delivery schedules not less frequently than every two months. In addition, member countries shall notify the Secretariat, for exchange of information, of deliveries expected to take place prior to the 31st December 1956, though not yet contracted.

5. Any member country may at any time request a general review of the merchant ship situation if, in that country's view, changes in the strategic or economic or political situation warrant such review.

6. In the reviews contemplated under paragraphs 2 and 5 above, attention should be directed, *inter alia*, to the level of known deliveries of merchant vessels to the Soviet Bloc by countries not members of the Consultative Group. Through these reviews, the Committee should also seek means to ensure that the vital interests of any country should not be jeopardized through an inequitable distribution of the global limit of 600,000 GRT.

PCO

689.

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

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 196-54 Ottawa, September 14, 1954

SECRET

SALE OF SHIPS TO THE SOVIET BLOC

A special meeting of the Consultative Group was held in Paris on September 8th to attempt to reach, at long last, some form of agreement respecting the control of the sale of ships to Communist countries which has been under discussion for over a year among the countries participating in the Consultative Group.

As anticipated, the meeting was unsuccessful in reaching agreement towards limiting the quantity of ships such as are not subject to embargo. The claims of exporting countries for quotas amounted in the aggregate to over one million tons over a period of three years. This amount of shipping would, in all probability, be more than the Communist Bloc would in any case be prepared to buy. In the circumstances, the Canadian delegate made a statement in accordance with the memorandum approved by Cabinet on September 1st in general terms as follows:

> Any quota arrangement for non-embargoed types of ships which would allow the Soviet Bloc to acquire more than 150,000 G.R.T. of shipping each year from all sources (including new construction with the Bloc itself and sales by non-COCOM countries) would represent controls in form but not in substance. Consequently, if the Consultative Group were to establish a new control system based on a higher annual rate of acquisition of ships by the Soviet Bloc than the 150,000 ton figure mentioned above the Canadian Government would be unlikely to agree to continue enforcing controls on her ship-builders and ship-owners in respect of non-embargoed types of vessels, and would probably wish to reserve the right to permit sales of ships to the Bloc in those circumstances (although there may be some doubt whether any firm Soviet orders for ships will actually be placed in Canada) on the grounds that such high levels of control would be pointless and would merely embarrass the Paris Group without offering any commensurate security advantages.

Following this statement the United Kingdom put forth new proposals which are given in detail in appendices "A" and "B" attached.† The first United Kingdom proposal deals with speed and provides an exception for Denmark from the agreement already reached which places all ships capable of more than 15.5 knots under embargo.

In recognition of the special circumstances confronting the Danish shipbuilding industry and the Danish economy, the Consultative Group would agree that Denmark might, when this seemed necessary to safeguard Denmark's vital economic interests, undertake to deliver to the Soviet Bloc in any calendar year, out of its permissible 35,000 gross registered tons, up to 15,000 GRT of merchant shipping capable of speeds above those specified. This 15,000 GRT is not cumulative from year to year. Denmark undertook to make as little use of the privilege as their vital economic interests permitted and to notify the COCOM whenever advantage is taken of the privilege.

The second United Kingdom proposal comprises a scheme for the quantitative control of vessels other than fishing vessels not already subject to embargo. In effect, it provides that any COCOM country may ship up to 35,000 GRT per annum for each of the next three years. Any part of the quota not used in the first year may be carried into the second or not used in the first and second years may be carried into the third. Whenever contracts for deliveries by all COCOM countries in the three years have reached the total of 500,000 GRT, the Coordinating Committee shall meet to consider measures to prevent a 600,000 GRT figure from being exceeded. Contracts entered into before the 8th of September of this year may be

honoured even though the 600,000 GRT overall quota would in consequence be exceeded.

The United Kingdom proposals have been accepted by the Consultative Group for reference to Governments with replies scheduled to be heard September 20th, 1954.

The quotas proposed, exceed the 150,000 GRT per annum which, in the Canadian view, is the largest amount that could be permitted if control is to be effective from a security standpoint. The proposals would, however, impose no greater restrictions on Canada than apply to any other COCOM country disregarding the exception permitted Denmark respecting speed. The existing controls have, in practice, had the result that the European participants could claim the right to export some ships while Canada and the United States were denied that right. Under the United Kingdom proposal Canada would be given the quota of 35,000 GRT per annum exactly as any other participant. There remains however a contingent possibility that if the other COCOM countries were quickly to enter into contracts amounting to 500,000 GRT (before Canada had made use of its quota) there might be pressure within the Consultative Group to restrict further sales which could put Canada in an embarrassing situation. In this event Canada would have an opportunity to express further views. In the circumstances, it is recommended that the Canadian delegate be instructed that he need not maintain a Canadian reservation on these proposals and can accept for Canada if they commend themselves to all other participating countries.[29]

[L.B. PEARSON]

Concurred in:
[C.D. Howe]
Minister of Trade and Commerce

DEA/11045-40

690.

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 426 (CC-95) Paris, September 21, 1954

SECRET

Reference: Our telegram No. 404 of September 10 and your telegram No. 507 of September 18.†

CG MEETING — SHIPPING CONTROLS

At yesterday's meeting the United Kingdom delegation requested postponement of the meeting scheduled for September 21 on the grounds that their government is

[29] Approuvé par le Cabinet le 17 septembre 1954/Approved by Cabinet, September 17, 1954.

not yet in a position to comment on the contents of Annexes A and B. At their request, the meeting was postponed until next week.

In a private conversation he intimated to me that at the ministerial level there was concern over the possible discriminatory factors which under certain circumstances would be prejudicial to the United Kingdom shipbuilding industry. I believe this centers around the substantial Netherland's prior commitments of approximately 100,000 tons which, during the course of the shipping controls discussions, the Netherland's authorities have secured on the basis of trade agreements and talks with the Soviet bloc while during the same interval, the United Kingdom either has not or could not achieve comparable contracts.

The United Kingdom are quite jealous of their leadership in the shipbuilding capacity of Europe and in any discussion of national quotas prior to Annex B have consistently claimed the largest quota. At this juncture, it would be extremely unfortunate if the fact that the Netherlands hold a preponderance of firm contracts in the form of prior commitments will create antipathy in the United Kingdom towards the proposal as it now stands based on their original suggestion.

Finally, I confirm your understanding that all prior commitments now existing, as of September 8th, will be the first charges against the national quotas.

691.

DEA/11045-40

Le sous-ministre du Commerce
au ministre du Commerce

Deputy Minister of Trade and Commerce
to Minister of Trade and Commerce

SECRET

[Ottawa], December 1, 1954

Dear Mr. Howe:

I think I should let you know that we have been approached at the official level by the United Kingdom Trade Commissioner here to enquire if Canada would support a new proposal to be put forward by the United Kingdom in COCOM dealing with the strategic control over the sale of ships.

Mr. Thorneycroft has been in personal correspondence with Mr. Stassen in an endeavour to obtain American support for new United Kingdom proposals. We believe Mr. Stassen's response was cool. It is likely that Mr. Thorneycroft will find an opportunity to discuss this question with you.

Previously, COCOM had agreed upon the embargo of certain types of ships including all warships, tankers and dry cargo vessels of over 15 1/2 knots. It also had before it a United Kingdom proposal concerning quota treatment of other types.

In effect, this United Kingdom proposal provided that any COCOM country might supply up to 35,000 tons per annum for the next three years. If and when contracts for all COCOM countries reached a total of 500,000 tons for the three years, COCOM would meet to consider measures as to prevent a final hard ceiling

of 600,000 tons from being exceeded. This proposal was accepted for reference to governments.

Cabinet accepted this proposal provided that all other COCOM countries also were to accept it. At the request of the United Kingdom, however, the COCOM meeting scheduled to hear the views of governments on the proposal has been postponed. The United Kingdom Government now believe that their public opinion would not accept this arrangement because that country, as one of the world's largest shipbuilders, would be at a disadvantage as compared to other potential suppliers who would exploit the situation.

The United Kingdom now wish to withdraw this proposal of theirs and propose instead that the sale of ships should be governed by what is known as "Exceptions Procedure". Under this, each participating country merely has to demonstrate that a *quid pro quo* exists in order to justify its sale to the Soviet bloc of any of those types of ships which are not subject to embargo. In theory, this *quid pro quo* should be something vital to the economy of the exporting country. In practice, however, this turns out to be a very flexible arrangement. It is wide open to abuse. Some countries have even advanced the reason that sales are advantageous because of their dollar shortage. Furthermore, it leaves the way open for the Soviet bloc to insist on including ships in its bilateral trade agreements with certain Western countries. The criteria which are used make it difficult for Canada to qualify, herself, and yet they leave no grounds for our objection to some sales by other COCOM countries.

We have informed the United Kingdom Trade Commissioner here that we believe this new proposal would only embarrass us without serving any purpose because it would not confine Soviet acquisitions of shipping within realistic limits. Any control which would allow the Soviet bloc to acquire more than 150,000 tons a year would represent control in form but not in substance.

We have suggested that in view of the serious consequences which a continued impasse on the shipping question might have for the future of COCOM, we might have to be content to recognize that it is not possible to reach agreement on effective quota restrictions.

We do not propose, ourselves, to advance any suggestions in COCOM but we think we should be prepared to accept that any Member might sell these non-embargoed types of vessels, at its own discretion, but reporting any sales to COCOM.

Admittedly, this is making the best of a bad job but we feel it is preferable to lending our support to an unworkable and ineffective scheme which will only lead to embarrassments.

Yours sincerely,

WM. FREDERICK BULL

692. DEA/11045-40

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

Secretary of State for External Affairs to Ambassador in France

TELEGRAM 695 Ottawa, December 9, 1954

SECRET

Reference: Your letter No. 1898 of November 30.†

EXPORT CONTROLS — COCOM DOCUMENT 1786

The substance of the United Kingdom proposals is of such importance that we do not want to be rushed in our study of their implications. Accordingly, you should inform the United Kingdom delegation that we will not be prepared to comment by December 12 but hope to be in a position to do so early in the new year.

SECTION B

UNION SOVIÉTIQUE SOVIET UNION

SUBDIVISION I/SUB-SECTION I

RELATIONS GÉNÉRALES GENERAL RELATIONS

693. L.B.P./Vol. 52

Note de la Direction européenne

Memorandum by European Division

SECRET

Ottawa, November 1954

RELATIONS WITH THE U.S.S.R.: A RE-ASSESSMENT[30]

I. *Introduction*

A re-examination of our relations with the U.S.S.R. is a task which should be undertaken periodically. To my knowledge it has not been done for some time and as a result we tend to accept more or less automatically some of the basic premises with which our J.I.C., NATO and other papers now seem to start. A re-assessment

[30] Une version précédente de cette étude a été diffusée dans tout le ministère des Affaires extérieures à des fins de commentaires en juillet 1954.
An earlier draft of this study was circulated through the Department of External Affairs for comments in July 1954.

at the present time is particularly important because of a number of developments which are changing the political and strategic picture.

2. The first is the death of Stalin and the events inside the U.S.S.R. The removal of the man who completely dominated Soviet policy for almost thirty years is bound to have an effect on the internal and external affairs of his country. And the economic and political events since then inside the U.S.S.R. justify the view that the advent of the new leaders has made the situation much more fluid than previously.

3. The progress made by the U.S.S.R. in nuclear weapons means that the superiority previously held by the West in this field is rapidly disappearing. The U.S.S.R. also has developed the long-range bombers capable of delivering hydrogen and atomic bombs, and may be in the process of producing atomic tactical weapons. Equality, or near equality, in the fields of mass destruction weapons is therefore within sight.

4. In this connection the information concerning the extent of destruction caused by megaton weapons, which became available to the Russians in the summer of 1953, and the realisation that either side is, or shortly will be, in a position with a few bombs and a few planes to destroy vast areas of the other country, undoubtedly is a factor which the Russians, as well as ourselves, must be taking into serious consideration.

5. Finally we must admit that to all practical purposes we have reached a complete impasse in our relations with the U.S.S.R. We are not prepared to compromise on any of our basic positions and the Russians have made it clear that they will not cede any ground they consider essential to them. Any impasse requires a pause and an attempt to find out how it can be over-come.

6. This study proceeds on the assumption that the conclusion that there is no way to solve this impasse save by an eventual recourse to arms is unwarranted. It attempts to buttress this assumption by facts and arguments, and then examines the nature of the alternative solution, living with the Russians on a more or less peaceful basis.

7. Many of the arguments and conclusions are controversial. While I believe they are soundly based I am not dogmatic about them. They are advanced with the hope of stimulating discussion.

II. *Soviet Foreign Policy from 1945 to Stalin's Death*

8. It is hardly profitable to re-examine in too great detail the course of Soviet relations with the West from the Yalta and Potsdam Conferences up to the death of Stalin. There is little doubt that the Soviet authorities never accepted in good faith the wartime alliance. The latter was for them a very necessary and useful expedient, but Stalin saw from the beginning that there were too many differences between the two systems for them to work together after the war if Soviet aims in Europe were to be pressed.

9. Though the Soviet leaders may therefore use the argument for propaganda purposes that the West betrayed the U.S.S.R. by reneging on the terms of Potsdam and Yalta, particularly with regard to the question of an implied division of Central and

Eastern Europe into spheres of interest, the Soviet leaders themselves are probably well aware of the facts.

10. Implicit in the manner by which the U.S.S.R. decided to play its cards after the war were many very great risks. Given the Soviet interpretation of the world situation at the war's end, however, they may not have seemed so great. In particular, it must have appeared to Moscow that there was no serious alternative.

11. The first important division of opinion came over the nature of the governments in the Eastern European countries, occupied by or directly under the influence of the U.S.S.R. Every major attack on Russia in the past had come from advanced bases held by aggressor countries in Eastern Europe. It was now possible for the first time in history for a Russian Government to assure itself of régimes in these countries sympathetic to Moscow. The Western Governments had, according to Soviet thinking, no direct political or economic interests in Eastern Europe, and were, furthermore, not in military occupation or in any position to enforce their views. It was also an opportunity which might never be repeated to extend the direct political control of the U.S.S.R. and the area of Communism.

12. None of this, according to Soviet thinking, could have been achieved without establishing out and out Communist régimes in the countries of Eastern Europe. If this had to be done at the risk of the Western alliance, then Moscow probably calculated that it was worth it, particularly as they could scarcely have believed that the revulsion of feeling in the West was going to be so strong. Since the Soviet leaders did not consider countries like Poland, Bulgaria and Roumania could be of prime importance to the United States, they undoubtedly then argued that their calculations were right in assuming that it was essential and not too risky to drive all Western influence out of the Balkans.

13. From this it was an easy step to attempt further easy expansion in Iran and Greece, areas of strategic importance to the Russians and ones in which they clearly thought they might be able to get away with quick and determined action. In Greece events soon reached a point where it was difficult for the Russians to withdraw support without losing face; and they only did so when the Yugoslav defection made it clearly unprofitable to continue the Civil War. In Iran, they withdrew because they were probably not yet ready for a show-down when confronted not only by united Allied opposition, but by a critical reaction from nearly all the outside world.

14. The Soviet authorities were surprised and, possibly for the first time, a little frightened by the U.S. reaction — the proclamation of the Truman doctrine, the introduction of Marshall aid, and the refusal to accept Soviet style peace treaties for Germany and Austria. The first brought direct U.S. influence to the gates of the Soviet Balkan territory. The second promised to end the hope of Communist régimes in Western Europe. And the third meant uncertainty in Central Europe and the unwelcome continuation of U.S. military interest in Europe.

15. George Kennan has argued that the Soviet reaction to this — the Czech coup d'état and the Berlin blockade — was primarily defensive. The Czech internal situation had been ripe for a Communist coup for at least six months before it took place. But the Russians only put it into action when they felt they were losing the initiative in Europe. They could not tolerate "enemy" pockets in Eastern Europe in these circumstances and so tried to tidy up the situation in Czechoslovakia and Berlin.

16. Mr. Kennan goes on to claim that there was nothing aggressive intended by the Soviet Government in these actions and that they were therefore astounded and puzzled that the Western reaction should have taken the form of military preparation for an alleged military threat, particularly since this involved the West diverting resources from the economic aid programme which up to then had proved so singularly successful. Since, he claims, Moscow had never considered attempting to expand the area of Communism by warlike means, it therefore concluded that the Western moves had some particularly sinister connotation, — the first step in the preparation of a military alliance aimed at destroying the U.S.S.R.

17. From this basic failure to understand motives behind actions on either side, other events have led on to increase mutual suspicion, particularly the success of the Communists in China, the Korean War, and the failure to reach any kind of agreement over Germany and Austria.

III. *The Re-examination of Foreign Policy in Moscow After the Death of Stalin*

18. It seems clear that one of the first problems tackled by the Soviet Government after the death of the *vozhd* was a reexamination of Soviet foreign policy. Molotov went back immediately to direct administration of the Foreign Ministry and a large number of personnel changes were made. The violent anti-American campaign was dropped and an attempt was made to behave towards the West in a slightly more civilized manner, and in a way to end the self-imposed diplomatic isolation from the rest of the world.

19. There was a very definite jettisoning of many of Stalin's policies in internal affairs and this must have had an effect on foreign policy. If, in fact, the main aides of Stalin had apparently been opposed for so long to so much of his internal programme, it is not illogical to speculate that they also disagreed with many features of his foreign policy.

20. The aspects of this policy which must have aroused opposition in the Kremlin were probably those which had created the more obviously undesirable reactions in the United States. The basic Soviet assumption of 1945 concerning Eastern Europe could hardly have been questioned. But its application subsequently in a way that, in retrospect, could scarcely have failed to antagonize and alarm the West, must have been the object of criticism. In particular, the Greek civil war, the creation of the Cominform, the Berlin blockade and the Czech coup d'état were gambles much too risky if the Soviet Union had hoped for an extension of Communism in Europe without war.

21. Stalin admitted (in the published correspondence with the Yugoslav Communist Party prior to the June, 1948, split) that a Communist revolution was not within the bounds of possibility in France and Italy because the Red Army was not in a position to intervene physically. In other words, he did not conceive of the establishment of Communist régimes in those countries at an early date. The Czech coup d'état and the Berlin blockade do not seem to have been planned as steps towards a further expansion of Soviet power in Europe, and we can conclude therefore that they were primarily defensive and intended to tidy up a potentially dangerous situation for the Soviet position in Eastern Europe.

22. Nevertheless, many Russians must have questioned the wisdom of actions, two of which failed, which had relatively minor aims, but which had the end effect of postponing indefinitely the chance of further Soviet expansion in Europe. More important, they resulted in alerting the West, and particularly the United States, to the true nature of the Soviet régime, and the creation of an alliance which constituted a real military threat to the U.S.S.R.

23. Two other events in Europe constituted an important set-back to the Soviet Union — the serious miscalculations leading to the break with Tito, and the postponement of the U.S. economic depression, which was such an important factor in Soviet calculations. That the former is now considered a mistake can be seen from the post-Stalin attempts to restore more or less normal diplomatic relations with Yugoslavia, though things had clearly gone too far for the Russians to back down completely.

24. Again, as regards the failure of the United States to follow the expected pattern, produce an economic crisis and, beset by its own internal difficulties, withdraw within itself, there must have been much soul-searching in Moscow. The disgrace of Varga for predicting that the nature of capitalism had so changed that a depression was not inevitable, was at least partly corrected last fall. But that does not necessarily mean that the Soviet leaders admit that they were wrong. The depression was postponed, they argued, by the adoption of such measures as widespread economic assistance to other weaker capitalist governments, and then the creation of an alleged war threat to justify re-armament — in Marxist terms, traditional methods. But it must be added that in Soviet long-run thinking the armament burden is certainly considered as acerbating the crisis of capitalism.

25. The Russians also miscalculated about the strength of the Communist parties in Western Europe (and this resulted in a number of tactical blunders, such as the withdrawal of the Communists in coalition governments in France and Italy, the call to strike and so on); about the relative strength of the capitalist and communist economies; and about the ability of erstwhile capitalist enemies to work together.

26. Another miscalculation which, however, in the end led to the biggest single Soviet gain since the war, was the failure to recognize the strength of Chinese Communism. Stalin apparently calculated that Mao Tse-tung would only be able to control a part of China and there made his plans on that basis. Some United States experts in Far Eastern affairs argue that the Soviet Government would have preferred a divided China. The Russians knew that Nationalist China was sufficiently corrupt and inefficient that it would eventually fall into Communist hands; but in

the post-war years, they were too preoccupied with European and internal problems to wish to extend rapidly the area of Communism in Asia. It is also suggested that Stalin would have preferred a divided China so that he could more completely control the Communist half.

27. But the complete victory of Mao in China without involving the U.S.S.R. immediately in major disputes with the capitalist powers, though a surprise, must on the whole have been a satisfying one, and it was possibly this over-confidence which led to the greatest miscalculation. The attack on Korea was undoubtedly intended to take advantage of a local situation. From Moscow the advantages to be gained from the expulsion of the last remnants of a non-Soviet régime from the North Asian mainland far out-weighed what must have appeared to be the minor risks involved.

28. The fact that the gamble was considered a mistake after U.S. intervention can be seen from the early action taken by the Malenkov Government to end the hostilities in the Spring of 1953. Before that Stalin had probably stubbornly refused to admit he was wrong and therefore prolonged the armistice negotiations for almost two years.

29. To sum up, Soviet actions since the death of Stalin indicate that there had been considerable doubt in the leadership about the advisability of many of the tactics of Soviet foreign policy since 1945, though this probably did not include the basic decision to consolidate their position in Eastern Europe even at the expense of the wartime alliance. It seems likely that the Soviet leaders did not contemplate recourse to war to further these policies.

30. The maintenance after the end of hostilities of what seemed to the West alarmingly large forces was considered necessary by the Russians because first, it would have been dangerous for them internally to demobilize very quickly; second, the Red Army was used frequently for post-war reconstruction projects; third, the situation in Eastern Europe required fairly large forces on the spot; fourth, it is an old Russian tradition to maintain large standing armies as part of foreign policy; and fifth, they considered that a large standing army was required to offset Western superiority in air power and atomic weapons.

IV. *Nuclear Weapons and Soviet Strategy*

31. Inextricably involved in all aspects of Soviet strategy from 1945 to the present time is the question of the Soviet estimate of the importance of nuclear weapons in the military and political situation. In spite of the fact that the Russians publicly insisted that the Japanese surrendered because of their defeat by the Russian armies in Manchuria, there can be little doubt that they were well aware that the atom bombing of Hiroshima and Nagasaki were the major factors in the victory of the Allies. Since then the bomb has undoubtedly had an important place in their thinking.

32. The first Soviet reaction was probably to add another argument in favour of maintaining large standing armies to offset the United States advantage in atomic weapons. The second was to corner as many German scientists as they could and set them to work with their own workers to catch up with the Americans as quickly

as possible. This meant an additional diversion of already over-strained man-power and equipment from the long neglected fields of consumer goods.

33. The traditional Russian inferiority complex towards the West was certainly increased as a result of fear of the atomic bomb, and this may well have played a certain role in Soviet reactions to Western moves. The progress they made in developing the bomb, and presumably stock-piling them, must gradually have increased their feeling of confidence until the United States explosion of the hydrogen bomb, and their own explosion in August, 1953, led to the realisation that each side had under its control a weapon of such vast destructive power that all previous ideas on warfare might have to be revised.

34. It is impossible to tell what role this information has played in shaping Soviet foreign policy in the past year and a half. It could scarcely go ignored, as it has not gone ignored here. On the other hand, no Western policy has yet been modified in any important way because of this information, and, therefore, we do not need to conclude that the modifications in Soviet policy which have taken place are necessarily the result of the megaton bomb.

35. It would be unrealistic not to assume, however, that this information has helped to reinforce the trend already noticeable immediately after Stalin's death towards a policy of lowering international tension. Mutual self-destruction has certainly never been a Soviet aim. We can even speculate if this horrifying information may not have led some Soviet leaders to wonder if it did not tend to make nonsense of the whole Marxist theory of human development.

V. *"Peace at No Price"*

36. Since Stalin died the process of revising Soviet foreign policy has taken the shape of a fairly clear attempt to reduce international tension and to put relations with the rest of the world on a slightly more normal basis, without, at the same time, making any great sacrifice. Mr. Bohlen has called it "peace at no price".

37. The efforts made by the U.S.S.R. to reduce tension, or at least not to aggravate it further, have not in fact entailed the giving up of anything substantial. On the other hand, it seems possible that in April and May, 1953, the Soviet authorities were seriously exploring ways and means of establishing more peaceful relations with the West, specifically in the two areas of greatest tension — Korea and Germany. They did succeed in stopping the fighting in the first, but this was an action which required simply the abandonment of a propaganda position which had already in any case begun to wear pretty thin.

38. It is the opinion of most Soviet experts that the Russians were contemplating at that time the possibility of an eventual withdrawal from their zone of Germany. East Germany was obviously not a very successful political experiment for the Russians and it was beginning to become an economic liability as well. The continued division of Germany and the anomalous position of Berlin presented the greatest danger of friction with the West and some Soviet sacrifice might have been worthwhile, if it could have achieved the withdrawal of allied forces from Western Germany and eventually of the United States from Europe.

39. The Russians could only have contemplated a withdrawal from Eastern Germany if it were orderly and did not involve the abandonment of a fully Sovietised régime. This may, therefore, be the explanation for the "liberalising" measures taken in May and early June in East Germany, measures intended in part to make the Pieck Government more popular, in part to prepare for de-Sovietisation. How far this could really have been carried is difficult to say. The revolt of June 17 effectively put an end to any prospect of a Soviet withdrawal since it revealed to the Russians the extent of German opposition to the Communist régime. Free elections would have meant an anti-Soviet landslide. The Marxistly impossible would have taken place; the workers in a workers' state would have rebelled against the dictatorship of the proletariat. A continuation of this process was impossible for the Russians not only because it would have endangered their position in all of Eastern Europe, but would have had a disastrous effect in practice on their prestige with the Communists throughout the non-Soviet world.

40. June 17 was the turning point and it must have convinced the Russians that no concessions in East Germany could be contemplated. When at the same time the Western powers made it clear that they had no intention of making any compromise over Germany, it was obvious that there was nothing further to be gained by discussing the problem. Our political mistake was not to accept the Soviet protestations at their face value in the Spring of 1953 and explore at the highest level the possibilities of lowering tension. At the best, we might have found the Russians in a mood to compromise. At the worst we would have caught them completely off-balance before they were sure of their position internally or externally.

41. The second look which the Soviet leaders must have given their foreign policies after the June revolt was probably made with the question of military security more immediately in view than the previous assessment. This conclusion is based not only on the lessons of June 17 but on the fact that the Soviet General Staff seems to have had a greater influence on Soviet policy since the arrest of Beria than previously. This would mean that military considerations would take primacy over political ones. At the Berlin Conference that meant in fact that the Soviet Union was not prepared to withdraw from its advanced strategic bases in Germany and Austria unless the political gains would be compensated for militarily.

42. Looked at in another way it really means that while the Soviet leaders may have accepted the premise that war was not inevitable, that a relaxation of tension was both desirable and possible, yet in practice they acted in a contrary spirit. It is this confusion in Moscow which has helped to make the pattern of Soviet diplomacy seem inconsistent and often contradictory.

VI. *The Military Approach and its Dangers*

43. Inevitably when the military approach starts to take precedence it becomes itself a factor in the situation. As in the West so in Moscow an increasing estimate of the danger of war eventually breaking out could hardly have failed to affect Soviet political and economic planning.

44. George Kennan has put this dilemma in very good perspective. "The Soviet apparatus of power", he wrote from Moscow in September 1952, "while free of pressures of a parliamentary system and a free press, is nevertheless not wholly

immune to the operation of that law of political affairs by which military preparations attain a momentum of their own and make more likely the very thing that they are supposed — by the invariable claim of all governments — to deter and prevent. For every government, the calculations of probabilities with respect to military conflict set up something in the nature of magnetic fields, which in turn affect behaviour. To believe in the likelihood of war, whether rightly or wrongly, means in some degree to behave in a manner that will actually enhance that likelihood, insofar as it implies the neglect of alternative courses and some degree of commitment to the requirements of the course you would take if you knew definitely that war would come . . . Soviet policy, in other words, must also have been to some extent drawn into the magnetic field of belief in a relatively greater probability of war. And since what you do to be prepared for a war is very often the enemy of what you would do if you wished to avoid it, Soviet ability to pursue policies designed to avoid a future war must have suffered accordingly."

45. This does not necessarily mean that the Soviet leaders decided after careful deliberation that they must plan on the assumption that war was inevitable. They no doubt think it possible that it may come about because of action taken by the Western bloc, and this in itself would require certain actions on the part of the U.S.S.R. to prepare against this eventually. But I do not think they are planning politically on the assumption either of an aggressive war launched by Moscow, or that it will be impossible to avoid the clash with the West. On the other hand, there is no doubt that the Soviet estimate that the two blocs may stumble into war has increased since the advent to power of the Republican régime in the United States.

46. The difficulty is that the more we in the West talk about the inevitability of war with the U.S.S.R., the greater the pressure becomes in the Soviet Union to take the necessary precautions against this eventuality. They may believe they are skilful enough to avoid a war provided the other side is not dead set on it. But if both sides become convinced that the clash is inevitable, then the very weight of their convictions would help to bring on the very thing they wished to avoid, and it thus becomes a factor in itself.

VII. *The Soviet Attitude Towards War*

47. There are several arguments to support the contention that the Soviet leaders do not want a "hot" war, and do not believe in the inevitability of a clash between the two blocs. The "cold war" obviously suited Stalin very well. It supported the picture he painted to the Soviet people of a menacing capitalist world against which it was necessary to maintain large armies and devote the vast bulk of Soviet energies to heavy industry and armaments. It maintained a sense of urgency and justified the existence of secrecy and force in internal affairs. But at the same time it did not require that too much actual power be delegated to the generals, a situation which Stalin found fraught with potential danger in World War II. The relative rise in influence of the generals in the Party and of the General Staff in policy decisions since the death of Stalin must be looked on in many Party circles with apprehension. Its concomitant would be a reluctance for the Party forces to take decisions tending to concentrate more power in the Army at a time when the Secret Police has been demoralised and weakened.

48. The Soviet leaders probably have sufficient confidence in their ability to exploit the developing political situation, if a war can be averted. They must also still be relatively sure that in the long run they will be able to gain their principal aims without having recourse to war.

49. The internal political and economic situation in the U.S.S.R. and in the European satellites is not so good as to encourage the Soviet leaders to choose war as a solution of their problems with the West, problems which in any case they do not consider as requiring such early solutions as do we in the West who are more impatient to see a traditional form of peace restored to the world. I shall return later in more detail to the effect of the Soviet internal situation on foreign policy.

50. Finally, there is the question of the traditional Russian attitude to war and the Marxist-Leninist-Stalinist interpretation of "just" wars, both of which are of considerable importance in calculating the Soviet position.

51. Russia has never had a glorious military tradition such as most countries of continental Europe. The Tsars always kept up what seemed an inordinately large standing army and the inference was often drawn by other European powers that the Russians were contemplating aggression against their neighbours. But it was usually forgotten that Russia was an autocratic and antiquated state that by its very nature required a large standing army for internal reasons, and that it extended over a territory vastly greater than that of any other major power. The Tsars were not averse to using the fact of a large standing army to help their foreign policies but they never actually used their apparent military preponderance to launch an aggressive adventure.

52. In addition to this essentially defensive concept of the role of their armed forces, the Russians never developed any focus for a strong military tradition. In Tsarist times there was never an officer corps comparable to that of Germany or Japan, and the generals did not exercise any independent and decisive role on Russian policy.

53. If this were true in Tsarist times it is just as true to-day, though possibly for different reasons. Apart from the Bolshevik invasion of Poland during the Civil War, which was an integral part of those disordered times, the only overtly aggressive military moves by the Russians have been in the invasions of the Baltic States and Eastern Poland in September 1939, and the winter war of 1939-40 against Finland. In both cases the Soviet Government claimed they were taking purely preventive measures to deny to a potential enemy bases for an eventual attack against the U.S.S.R.

54. The German concept of an officer corps does not exist in the U.S.S.R. today though it is possible that a Soviet counterpart was being built up in the thirties before Stalin destroyed the then existing General Staff. But it is difficult to think of the present group of senior Soviet military officers as an independent force in Soviet affairs. A Soviet general considers himself primarily as a servant of the Soviet state who happens because of special qualifications to be serving it in the Army rather than as the manager of a factory, or in some other capacity. His loyalties are to the Communist Party, not to his fellow officers. There may be exceptions, of course, but this is the way the majority probably feel. And in case they

don't, the Army is so riddled with spies and spies on the spies, it could never function as an independent collectivity.

55. The question of the Marxist interpretation of war is one which has perhaps been most neglected. It is nevertheless an important factor in Soviet considerations on this subject.

56. In the western world for the great majority of the people peace is the norm and war is a deviation from this ideal state which must, if at all possible, be maintained. The Marxist concept of war and peace is, however, quite different. In Marxist ideology the cause of war lies in the mere existence of capitalist society, or rather the division of society into exploiting and exploited classes. War is not an exception or contradiction to the principles of capitalism but the direct results of it. The abolition of wars can only come as the result of the destruction of capitalism. War and peace are therefore simply different phases of one single economic and political process. This in itself gives some indication why the "cold" war seems a more acceptable phenomenon to the Russians than to ourselves.

57. The communists distinguish between "unjust" wars ("wars of conquest, waged to conquer and enslave foreign countries and foreign nations") and "just" wars ("wars that are not wars of conquest but wars of liberation, waged to defend the people from foreign attack and from attempts to enslave them, or to liberate the people from capitalist slavery or, lastly, to liberate colonies and dependent countries from the yoke of imperialism").

58. This does not mean, however, that the U.S.S.R. is obliged to rush to the assistance of any foreign revolutionary movement. The conditions under which help would be extended to a communist revolt in another country have been carefully spelled out. In the first place the revolt must in itself have a good chance of succeeding and, more important, Soviet intervention must not imperil the security of the U.S.S.R. itself.

59. In fact running through all the Leninist-Stalinist writings on this subject is the theme that the primary consideration in deciding on war or peace, or indeed any major question of foreign policy, is the manner in which it is going to affect the citadel of communism, and foreign communists are constantly reminded that they will have to sacrifice their own local hopes to this major consideration, since, without the U.S.S.R., communism as a whole would be quickly eliminated.

60. Communist doctrine has also firmly advocated measures to prevent either wars between imperialist powers, or by imperialist powers against the U.S.S.R. While the former tend to weaken the capitalist world they tend to involve the Soviet Union at moments not of its own choosing. An outright attack on the U.S.S.R. is clearly something the Soviet leaders must try to avoid, but not by any concessions, particularly territorial, which would seriously weaken the Soviet position.

VIII. *The Risks Inherent in Soviet Foreign Policy*

61. The Soviet ideological approach does not dismiss the possibility of war, nor in all likelihood does their actual estimate of the present situation. This in itself tends to create an attitude which may make war more difficult to avoid. Yet the new

Soviet leaders are eminently practical men who are presumably quite aware that a war, even if victorious, would create vastly greater problems for them than they now face. In fact it might well destroy the U.S.S.R. and the Western civilisation of which they are still proud to be part.

62. The difficulty is to reconcile this with the risks they are running in their present policy. In the first place it is almost impossible for the U.S.S.R. to make any real concessions with regard to questions where it has the sole say. The Russians are experts in the art of power politics. They are well aware of the danger of yielding, or at least appearing to yield to superior strength unless in so doing there is some obvious gain, either in increased security, or in forcing the opponent to waste his strength. The Russians will only yield to superior force if by so doing they can reduce the pressure brought to bear against them and insure themselves against being asked to make further and repeated concessions in response to the same means of pressure. They will not yield to pressure if they feel it starts them on a path to which they can see no ending.

63. Applying this reasoning to Europe it is easy to see that the Russians must have concluded that a retreat from Austria and from East Germany would not bring them a substantial relaxation of tension but would simply result in increased pressure on the more vulnerable satellites. This was made quite explicit in a number of speeches by important United States Government officials.

64. Insofar as Korea is concerned the Soviet Union risked none of these things in advocating a cease-fire and on the contrary gained some advantages. In Indo-China the situation is different as the U.S.S.R. probably is in no position to enforce its will but must take into consideration the widely varying needs of China and Viet-Minh. Nevertheless it seems likely that the Soviet Union advocated a cease-fire at least in part because the situation was getting out of hand and carried the danger of extending the conflict in a way which could not be easily controlled by Moscow.

65. In pursuing a foreign policy which carries many risks (even if that foreign policy may have been the heritage of an irascible and stubborn old man and which the present régime may not entirely have approved), the Soviet leaders can act on the basis of several assumptions which tend to minimise the danger to them. The first is the knowledge that the United States cannot act entirely alone and must to some extent take into consideration the view of its European allies. The Russians may believe that the policy of NATO is dictated by the United States and that in the last analysis Washington forces the pace. But they also know that it would be suicidal for the European allies to engage in war with the U.S.S.R. and that this must have some influence on U.S. policies.

66. They are also aware of the passionate desire throughout the world for peace. Hence the tremendous effort to present Soviet policies as peaceful in contradiction to the warmongering policies of the West. But, apart from the straight propaganda value of the peace campaign, the knowledge must be comforting to the Soviet leaders that not only would even "imperialist" governments in the last analysis hesitate to pursue their interests by war-like means, but that the sentiments of the people in the West would make the launching of war very difficult.

67. This, of course, leads to a temptation for the Russians to exploit human weaknesses on our side, and it requires on the part of the Soviet leaders a fairly skilful estimate of how far they can blackmail the West. Stalin was apparently prepared to cut it pretty close, while the Malenkov-Khrushchev team is making a greater allowance for errors.

IX. *Soviet Long-term Aims and the Ideological Motivation*

68. The theory of Marxism, and its additions by Lenin and Stalin, on the subject of world revolution, are too well known to bear repetition here. The Communists hope for, and confidently expect, that through the inevitable process of history the capitalist world will eventually destroy itself or be destroyed, to be replaced by a world-wide communist society. But there is a wide gap between the theory and the reality.

69. In practice, it is doubtful if even Stalin would have welcomed too rapid an expansion of the area of communism; the present leaders give every indication of being highly practical men who are even more likely to put in first place the dictates of necessity. Furthermore, their experiences in Yugoslavia and Germany have pointed up the great difficulties they face in handling alien peoples. Of course, in theory there should be no need of Russian bayonets, and in some countries, such as Czechoslovakia, this has proved trued.

70. The victory of native communism in China has had an important effect on the outlook of the Soviet leaders. On the one hand, it has increased their self-confidence by destroying the pre-war feeling of isolation. On the other hand, it has weakened the supreme position of Moscow and will tend increasingly towards the setting up of two centres of authority and influence, and perhaps even of dogma, in the Soviet world.

71. But it is doubtful if a communist world as such is a Soviet aim unless the Soviet leaders are convinced that that world could continue to be controlled by Moscow. It seems to me unlikely that they could have many illusions on this score. While they have been able to control the East European satellites with fair success, even in this area where they have the advantage of proximity, and, in most cases, actual force at their disposal, they have failed dismally to control Yugoslavia, and must recognize that Eastern Germany would in all likelihood cast off communism the moment Soviet troops were withdrawn. How much confidence could they therefore really place in the subservience, or at least loyalty, to Moscow of France, Italy, Germany, not to mention the United Kingdom and North America?

72. Furthermore, one of the main instruments by which the Soviet bloc is now held together is the alleged threat to it from the capitalist world. With this removed there would be less reason for a largely communist world to leave absolute control of it to the Russians.

73. If one seriously examines Soviet aims from this standpoint, I think in the end we must in all honesty admit that the constantly reiterated long-term aim which we ascribe to the Russians is misleading. Naturally, if the world could be conquered for communism without weakening control by the U.S.S.R., that would be another matter. But the Russians, who are in any case constantly governed by an almost

psychopathic feeling of inferiority vis-à-vis the Western world, can hardly have any illusions on this score.

74. I should qualify this by adding that possibly Stalin and Zhdanov may have believed this was possible, but I doubt if very many of the present leaders would welcome very great additions to the Soviet bloc, particularly of indigestible areas, at the present time. If these additions had to come by military action, I think the Soviet leaders would definitely shun it.

75. The old concept of revolution is also passing. The idea seems to be increasingly accepted in Moscow that the Russian revolution was a unique and non-recurring event. The victory of Chinese communism certainly seems entirely contrary to Marxist theory, as does the manner by which communist régimes came to power in Eastern Europe. There the role of the revolutionary has been played down and, indeed, after the communist régimes came to power, most of the idealists were quickly discarded in favour of reliable bureaucrats and party hacks who could be relied on to administer their territory faithfully in accordance with Moscow's decrees. And in making the revolution the first aim seemed to be to take over the fabric of society intact. The doctrine of destroying the old to build a bright new world is now "left-wing deviationism", and in Moscow the communist manifesto is practically a subversive document.

76. What this means in terms of Moscow's long-term aims is simply that the Soviet leaders are well aware not only of the difficulties they would be faced with in over-extending the area of communism but of the almost insuperable obstacles in rebuilding a modern society from scratch after the destruction of its social and physical base.

77. It is important to know in this context to what extent the Soviet leaders are influenced by ideology. It is also one of the most difficult questions to answer. By 1939 Marxist theory had been considerably modified in order to fit the difficulties of applying the doctrine. The war hastened the process of disillusionment by revealing such paradoxes as massive capitalist aid to the U.S.S.R., and the failure of the German working masses to desert their country in order to join with the troops of the communist fatherland. And in many cases the convulsions necessary to meet these situations were accomplished with complete cynicism by the Soviet leaders, so much so that a tightening of ideological controls was necessary after the war. But this does not necessarily mean that the leaders were not convinced of the rightness and inevitability of their ideology.

78. It is unlikely that the Russians have laid aside their Marxist spectacles in viewing foreign affairs, but a close examination of their policies since 1945 leads to some doubt as to whether any single act of territorial expansion would have been different even if the Russian Government were not Marxist. The ideology was communist but the policy was one that almost every previous Tsarist Government secretly dreamed of accomplishing.

79. But this does not mean that the attitude to the West is not motivated in a quite different way because of its Marxist content. The dynamism in the Soviet society of the last thirty-five years is a specially Russian blend. It is largely Marxist in form and yet there is an underlying Russian base. There has hardly been a generation of

Russians which has not produced at least one politician or philosopher to proclaim the Messianic role of Russia. "If we have come after the others", said Chaadaiev in the early years of the 19th century, "it is to do better than the others . . . We are called to solve most of the social problems, to complete most of the ideas originated in the old societies; we are called to state our opinion on the gravest questions which absorb mankind."

80. But the specifically Marxist portion of this Russian dynamism (which, however, in the past has always proved to have tremendous ebbs and flows) is manifest in a belief in the inherently aggressive nature of capitalist society which makes it difficult to accept any state except that of armed truce. When this is combined with a genuine inferiority complex, jealousy and fear of the West and the United States in particular, and an almost complete ignorance at the top level of conditions in the outside world, the result is one hardly conducive to an unemotional and balanced approach to world problems.

81. These are practical considerations making a *modus vivendi* between the two camps more difficult. But while the Marxist education of the present Soviet leaders undoubtedly helps to confuse their appreciation of world problems I do not think it obscures it completely. They have given indications that their primary considerations are practical ones, and that when necessary theory will be sacrificed to the needs of the situation.

82. This was put quite clearly in a recent authoritative article in the theoretical journal of the Communist Party, *Kommunist*. In attacking dogmatism it said that it "leads to the elaboration of certain principles without taking into account the facts". It denounced the habit of considering "the economic laws of socialism as a fetish", and demanded that the Party activists re-interpret Marxist theories in line with the facts of life.

83. It is difficult to avoid the conclusion that the communist expansionism since 1945 would not have been very different without the Marxist ideology and that any powerful Russian state would have followed precisely the same aims as did Stalin. The main difference lies in the fact that the Soviet state was also served by a dynamic political philosophy and numerous and well-organized fifth columns abroad. It is, of course, this combination of physical and messianic strength which constitutes the over-powering force of the U.S.S.R. today. But it should be constantly remembered that Russia, particularly in alliance with China, could still be a menace to the rest of the world even if Marxism were to vanish completely.

X. *Internal Factors Affecting Soviet Foreign Policy*

84. It would be foolish to think that Soviet foreign policy could be studied without taking into consideration the important developments which are taking place inside the U.S.S.R. These are three-fold in nature — economic, social and political.

85. Soviet leaders have succeeded to a very large extent in transforming the U.S.S.R. into a major industrial nation in a relatively short time, but it is now becoming apparent that this has resulted in a completely lop-sided economic structure. The heavy industry and armaments base is firmly established but at the expense of agriculture which is in some aspects behind the pre-revolutionary period. Grain production is not even keeping up with the three million annual popu-

lation increase. Light industry, housing and services to the public are quite inadequate to the needs of the population. The railway net-work is poor and out-of-date, and apart from two or three macadamised roads there are no adequate public highways to speak of. These paradoxes have been in existence for some time but it is only in the last few months that some of these defects have been acknowledged to exist. And this happened simply because it was clear that the whole structure would collapse if the food supply was not improved.

86. The U.S.S.R. is settling down into a social mould which must inevitably have some effect on its relations with the rest of the world. It is developing new upper and middle classes which owe their positions to the Revolution but which are anxious to maintain the rank, prestige, wealth and privileges which they have won, and pass them on to their children. It has produced an intelligentzia which is able and as well endowed as that in the West with the powers of speculation and original thought.

87. But the process of development in Soviet society has also created great gaps between the new privileged classes on the one hand and the urban working class and even more so the peasantry on the other. The latter still represent over half the population. They are economically and socially depressed and their loyalty to, or at least enthusiasm for, the régime is doubtful. Any society built by force on such a precarious base carries within it the possibilities of its own destruction.

88. Little if anything is being done to modify this situation, and on the contrary the gaps already existing between the social groups in the U.S.S.R. are growing. Since it is still possible for the clever worker's son to move up into a higher social bracket, Soviet society is still relatively dynamic. But this affects only a small portion of the population and the bridging of this social gulf is becoming increasingly difficult.

89. The attention devoted to the agricultural problem in the last year, and the personal attention given it by Khrushchev is an indication that it is more than an economic crisis that the régime faces. It seems to me that there is little likelihood of the Soviet leaders improving the standard of living of the peasants in the near future or being able successfully to solve the ideological or social contradictions between the city and the countryside. And this is a problem of immense size for the Soviet leadership and one which they would hardly wish to leave unsolved in order to seek foreign adventures.

90. Politically there is also a trend towards stagnation. Stalin recognised that the hierarchy was becoming petrified and at the 19th Party Congress he moved to expand the inner governing body of the Party by abolishing the Politburo and replacing it by a larger Presidium. The present leaders have returned to what amounts to a Politburo of whom the seven key members have been at or near the top for several decades. It is possible that the men who are certainly now coming forward will be able to break into this charmed circle. If they do they will bring quite a new atmosphere to Soviet politics. Already it is clear that the younger men are a different type from the old revolutionaries. They are capable administrators but they lack that personal dynamism which was present in Stalin and even to a certain extent in people like Kaganovich, Mikoyan and Khrushchev.

91. The possibilities of internal political troubles inside the U.S.S.R. cannot be entirely dismissed. A dictatorship without a dictator is an anomaly, even given the special circumstances of the Soviet Union. An internal economic crisis, or greater international tension, would create a situation demanding strong leadership of the kind the Russians have always respected in the past — that is personal leadership. This could lead to rivalries not only at the top but all through the Central Committee where there can be little doubt the members are being lined up in the various camps. Combined with this is the constant play of ideas and policies in this body the importance of which is often over-looked.

92. On the minorities front there has been a certain moderation of the tough Great Russian line, but no indication that any important political or cultural concessions are going to be made to the smaller nationalities. The fact remains, however, that almost half of the population of the U.S.S.R. is non-Russian and at the most apathetic towards their Russian masters. Since they occupy strategic areas along the western, northern, southern and south-eastern frontiers, the attitude of these races is an important factor which the Soviet leaders could not disregard in determining their foreign policy.

93. A final internal factor to be taken into consideration is the really great weariness of the Soviet people. Their collective enthusiasm is beginning to run down at a moment when their leadership is less dynamic than it was, and so far no substitute that can inspire the Russians to further tremendous personal sacrifices and outbursts of energy has been found. Apart from this there exists a genuine horror of war among the Russian people. If war broke out, the Soviet leaders might be able to convince their people that it was the result of capitalist aggression but the latter would enter it almost certainly with apathy or resignation, particularly as the enemy would be a race which traditionally has had no quarrel with the Russian people. The Soviet leaders can largely ignore their feelings but there is a limit to this, particularly since the death of Stalin. The new hierarchy is apparently in closer touch with Soviet realities than Stalin was and would hesitate to launch a war for which it felt the people were psychologically unprepared.

94. The sum of this brief survey of internal affairs is to show: (a) that the structure of Soviet society has vastly changed in the last 20 years and is settling down into a conservative mould; (b) that the leadership of the Party and the Government are also changing and that political dissensions over personalities and policies cannot be ruled out; (c) that the minorities question has not been solved; (d) that the economy of the U.S.S.R. while strong and growing stronger is nevertheless out of balance; (e) that there are many great and potentially dangerous contradictions in Soviet society, particularly in the countryside; and (f) that there is a great longing for peace and "normalcy" among the Soviet people.

95. As regards relations with the Soviet satellites, the Soviet leaders can hardly consider that they have as yet had time to consolidate their position in these territories solidly enough for the waging of war. Estimates of the successes of the political and economic programmes in the various satellites vary but are unanimous in describing the basic antagonism of the peoples to the U.S.S.R. While this does not

constitute a menace to the Russians in time of peace, it would be a further factor in making the Soviet leaders hesitate in putting the bloc to the strain of war.

96. To sum up, it would be unwise not to take into consideration the various factors in the internal situation in the U.S.S.R. and the satellite bloc. We are slightly bemused by the size and monolithic character of the Soviet Empire and tend to forget that it has its weaknesses and contradictions as well, and that on the basis of the domestic situation alone the Soviet leaders would probably wish to avoid war at the present time, and indeed for the indefinite future provided the international situation did not change radically.

XI. *On the Brink of the Precipice*

97. Yuri Krijanitch, an extraordinary Croat priest who migrated to Russia in the early part of the 17th century and preached the doctrine of Pan-Slavism, wrote of his "adopted" country: "Our great misfortune is our lack of moderation in the exercise of power; we are unable to observe the middle way; we have no sense of measure. We go to extremes and wander on the brink of precipices".

98. It is no new thing for the Russians to run risks. In a certain way they delight in it but they have never (like the Germans) deliberately stepped off into the abyss. And I think all the evidence points to the fact that they will not do it now unless in desperation or under extreme provocation. And it seems to me most of their leaders know as well, and perhaps better than some Americans, how close to the precipice their policy has taken them. This study has tried to show why they have followed the policies they have and what in my view they are likely to want now.

99. What the Soviet leaders would probably like to arrange is a workable division of the world more or less along the present lines. Ideally for them this should mean a solution of the Berlin problem (Germany could remain divided as at present), the Austrian occupation, Korea and Indo-China. With these dangerous points of friction eliminated the Russians would no doubt be prepared to settle down for a longish period of "peaceful co-existence".

100. I do not, for the various reasons outlined above, think the Russians are particularly interested in further territorial expansion, at least for the foreseeable present, and certainly not by war-like means. But it is in the nature of the Soviet Russian state that it should exert constant pressure outwards. This pressure nevertheless is not governed by any doctrine that imposes time-tables, and above all there is none of the Germanic or Japanese feeling that there must be expansion or explosion outwards. If the counter-pressure of the outside world becomes too great it is not shameful for the Soviet leaders to take measures to reduce it by a temporary withdrawal.

101. A recent despatch from our Ambassador in Washington (No. 712)† stated that the assumption in United States Government circles seemed to be that peaceful co-existence was impossible. This seems to me not only an unduly pessimistic estimate but one which is positively suicidal since the only alternative will lead to the near extermination of a large portion of the civilised world, no matter whose the victory. It springs directly, no doubt, from the United States reaction to the frustrating situation in which we now find ourselves. In 1947 Frank Roberts, then Minister at the United Kingdom Embassy in Moscow, commented on George Kennan's

"containment" thesis as being excellent for the British, but impossible for the Americans. The former, he thought, would be quite ready to wait 25 years for the policy to work itself out. The Americans would insist on seeing results within five years.

102. If we assume that the Soviet leaders: (a) have no intention of giving up any of their territorial or political gains; (b) do not intend to try to extend their system any further by military means in the foreseeable future, and (c) wish to avoid an intensification of international tension, there are three conclusions to be reached of the effect of this "containment" or "peaceful co-existence" policy on the U.S.S.R. itself.

103. A long period of relative peace could lead to: (a) a mellowing of the Soviet system; (b) its disintegration; or (c) its explosion outwards. The last seems to me improbable for the reasons outlined above but it is not impossible that changed conditions could lead to Bonapartism and the ascendancy of military thinking. But the vast size of the U.S.S.R. and the Soviet bloc is not likely to give the Russians a feeling of being hemmed in and frustrated as happened in Germany and Italy, even though the capitalist encirclement theme may be played up for propaganda purposes.

104. The second possibility also seems to me unlikely. Certainly the situation inside the U.S.S.R. is not so monolithic or so stable as we often tend to think; and few of the basic economic, social and political problems facing the country have been solved since the new leadership took over. Nor is the problem of the leadership solved either. Nevertheless, it would be foolish to consider that the Russians are incapable of solving these questions and providing continuity of government. It may take a different form and it may not be so dynamic as that of Stalin, but some form of effective communist government is likely in the foreseeable future to function in the U.S.S.R.

105. One could argue that things may continue indefinitely much as they are, but Soviet society is not static and I think the evidence points to some kind of evolution. This could, of course, be in the direction of a tougher line, both internally and externally, but even if this took place I feel it would be temporary and primarily a question of personalities, and that the pressure is inexorably towards a loosening of the tight Stalinist type of dictatorship.

106. Some observers of the Soviet scene, like Isaac Deutscher, exaggerate when they anticipate a gradual development of Soviet society towards a form of communist democracy. There is no hint of that whatsoever in the U.S.S.R. and it would be quite contrary to Russian history. But it is possible for the more odious aspects of the régime to be modified. There is, as Sir Winston Churchill said, a great and pent-up longing among the mass of the peoples of the U.S.S.R. for peace and for a better way of life. The Soviet leaders cannot put off indefinitely the day when they must face up to this. As Soviet society becomes older it becomes more traditional and conservative. The revolutionary fervour grows dim and the new masters settle down into a respectable life, and a very busy one running their enormous country. And the prospects of risking it all in order to bring the benefits of revolution to other parts of the globe grow less attractive.

XII. *Conclusion*

107. If there is any validity in these arguments then one can draw a few conclusions. The first is that peace, or at least a state of "cold war", which passes for peace these days, can be maintained. This does not necessarily mean that either side abandons its hopes that eventually some or all of the rest of the world can be converted to its way of life. But it does mean that it should be possible to eliminate war as a means of bringing about changes.

108. I know of no expert on Soviet affairs, in particular among those who have been in the U.S.S.R. of recent years, who is not convinced that the Soviet leaders infinitely prefer to continue the struggle with capitalism on its present basis rather than to risk what they have gained by a contest of arms, and the manner in which weapons of destruction are developing is not likely to make them change their minds.

109. This does not mean that we need think that the Soviet leaders have abandoned any of their basic aims towards the West. It simply means that they have decided that it is no longer worth while to try to continue the struggle between the two systems on the plane of war. The competition goes on, but with war ruled out as a means of deciding the outcome, at least for the time being.

110. It would be falling into the most obvious trap, though one which was not so apparent in the days of the Popular Front, to think that co-existence meant an abandonment of all those aims for which generations of Marxists have fought. Therefore we must be prepared to struggle by peaceful means with the machinations of Soviet agents, propaganda and Communist parties.

111. If we think that the battle can be continued without war, and it is surely our solemn duty to pursue this belief as long as it is tenable, and if we think there is a good chance that the other side also hopes that war is avoidable, what can be done to make it possible to continue to live more or less peacefully with the Soviet world?

112. The first prerequisite is to achieve a more balanced view of the strengths and weaknesses of the adversary. Second, it should not be forgotten that even without communism Russia could represent a formidable threat to the rest of the world and that China, properly organised, will still mean 600,000,000 people and a huge land mass. Therefore the problem of co-existence cannot be based purely on the estimate of a straight struggle in terms of black and white between two ideologies.

113. Third, we must make a determined effort to avoid the assumption that war is inevitable. In our attitude towards the U.S.S.R. we should make it implicit that we do not intend to attack the Soviet Union and at the same time we should avoid action which might have the effect genuinely of frightening the Russians. For example, we cannot assume that there are no limits to Soviet patience in the face of encirclement by American bases. There is a point in establishing these bases at which they tend to create the very thing they were designed to avoid. Apart from all the political considerations, no great country could sit by and witness with indifference the progressive closing in of the enemy.

114. But this also poses problems with regard to our own peoples and that is of continuing to have to justify to them the necessity of heavy military and tax bur-

dens without continuing the atmosphere of crisis. In this and indeed the whole question of our relations with the U.S.S.R. we must work out a compromise, since under no circumstances must the Soviet world again be tempted to think that because of western military weakness and psychological unpreparedness it could expand without serious risk to itself. We must therefore maintain as large a force as is consistent with the aim of discouraging the Soviet leaders from territorial aggression. I do not think this need necessarily mean the maintenance under arms of forces intended to match the Russians man to man. The same purpose would be served by a clear indication that aggression in any specific part of the world would touch off war with the western powers.

115. In a certain sense by trying to do this in Europe we are chasing off after the Russians down one road while they in the meantime have gone in another direction. If, in fact, the Russians never seriously considered the possibility of outright military expansion in Europe then the attempt to build up a force capable of meeting this aggression man to man is misplaced. There are, of course, apart from this, obvious reasons why the power vacuum in Western Europe had to be filled, but they are not the main reasons advanced publicly to justify re-armament.

116. If there is merit in the theory that massive re-armament mostly at the expense of the economic programme in some ways missed the point in Europe, there might also be justification for thinking the same about South-East Asia. In other words, if the Indo-China problem were settled, is it necessary to draw up a Maginot Line around the rest of South-East Asia, or that portion of it which it is decided must be defended, and prepare for a military threat which may not materialise at least in the form anticipated? In particular it would be unfortunate if the military defence of South-East Asia were to interfere with economic aid since this would help to create the conditions under which a crumbling away of the free nations could take place without the need of an outright invasion. Again, the important thing is surely to make it clear that certain actions by the Soviet bloc would automatically involve it in war with the western powers. If there can be no shadow of a doubt about a Western bluff, and if there were evidence that effective military action would be possible, then this is just as good a deterrent as actually manning a defensive line, and does not tie down large numbers of Western troops.

117. This is a pessimistic counsel in many ways because it calls for *de facto* recognition that communism has conquered a large portion of the world, and it requires abandoning the peoples of Eastern Europe to their fate. It amounts to an admission of a division of the world into two spheres, something the Russians have been aiming at since Yalta, and therefore is an admission of partial failure on the part of the West. But it is the only realistic policy unless we are prepared to fight to liberate the satellites or to destroy communism. If we are not going to do the latter then we must accept the alternative, which is to try to live in a divided world.

118. The Russians admittedly do not make this very easy for us. There are signs, however, that they wish to adopt slightly more civilised attitudes in dealing with the West; of which Molotov's behaviour at Berlin and Geneva is a sign. They seem prepared to engage in more normal activities in the fields of international sport, science, cultural activities and so on. They may eventually come to participate in

their own peculiar way in the work of the Specialised Agencies of the United Nations. They may even admit tourists once more to the U.S.S.R.

119. These are all small things and they do not change the fundamental realities. But they are a small step in the right direction and we should do everything in our power to encourage this trend which may in time have some mellowing effect on the Soviet concept of living with their neighbours. If it seems inconsistent with Soviet continuation of terrorist and espionage activities and support of communist parties abroad, we must recognise that much in the U.S.S.R. is inconsistent, starting with the basic paradox that one of the most likeable, human and kind peoples in the world is also capable of the most atrocious barbarities.

120. There is also a curious but, I think, quite noticeable dichotomy in the Russian attitude to the West. At the same time they wish to play the role of Marxist revolutionaries leading the U.S.S.R. in the defence of the peoples of the world against the capitalist enemy, and yet to be accepted as equal members of the club. Most educated Russians, even those of the younger generations, do like to think of themselves as Europeans steeped in the literature, history and philosophy of the main stream of European civilisation. I could detect at Molotov's reception in Moscow last November 7, when the Soviet leaders fraternised with the Western ambassadors, a certain note of nostalgia for the days of the wartime partnership. And partnership with the Czechs and the Chinese is no substitute.

121. Basically, however, the Soviet leaders are going to continue to approach the question of relations with the West from an antagonistic stand-point which, combined with the traditional Russian xenophobia and inferiority complex will result in secretiveness, duplicity and unpredictability. And in spite of temporary surface changes in this attitude we will have to accept these norms of behaviour on the part of the Russians for a long time to come.

122. This often incomprehensible Soviet attitude to the West complicates our task. If we add to this the feeling in the West that the present sorry state of affairs is largely the fault of the Russians, there may be a tendency to conclude that it is up to them alone to take actions intended to improve relations. This would be a purely justifiable feeling if we were dealing with some people closer to our background and civilisation. But we cannot equate the Russians with the Americans, and it is up to us to make allowances and to exercise patience. The Russians will respond to a combination of strength, determination and absolute correctness in any dealings with them, which is perhaps the reason why they never took any reprisals against the Canadian Embassy in Moscow as a result of the Gouzenko affair and in fact treated us better than most of the other Western missions — because the Canadian Government acted with firmness but correctness.[31]

123. We are not living in a static world. Given a period of peace there is just a chance that developments inside the Soviet bloc will tend towards a maturing of Soviet society, and a gradual settling down into a pattern of relations with the outside world which will make it possible to live together, if not very happily, then at least not on the ruins of each other's cities. In the meantime we might recall

[31] Voir/See Volume 12, Documents 1245-1247, 1251, 1254-1255.

Berdyaev's[32] admonition that "it is necessary to bring to bear upon Russia the theological virtues of faith, hope and charity in order to comprehend her".

R.A.D. FORD

SUBDIVISION II/SUB-SECTION II

RESTRICTIONS VISANT LE PERSONNEL DE L'AMBASSADE SOVIÉTIQUE À OTTAWA
RESTRICTIONS ON SOVIET EMBASSY PERSONNEL IN OTTAWA

694.

DEA/11185-3-40

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

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

SECRET

Ottawa, November 5, 1954

TRAVEL RESTRICTIONS ON SOVIET EMBASSY PERSONNEL

As you are aware, we have imposed certain restrictions on the freedom of travel within Canada of members of the Soviet Embassy. These restrictions, first introduced by our Note of March 10, 1952[33] to the Soviet Embassy, and subsequently modified by our Notes of October 27, 1952† and August 26, 1953,[34] are as follows:

(a) Whenever any members of the Embassy staff, or Soviet members of Embassy households, wish to travel beyond a 75-mile radius from Ottawa, the Embassy must submit a standard notification form in duplicate to this Department or, in the case of Service members of the Embassy, to the Department of National Defence;

(b) This notification must be received at least 48 hours, exclusive of Sundays and holidays, before the time of departure; and

(c) The notification must include the following information: name and rank, means of transportation, route and destination including addresses, proposed dates of departure, and arrival and departure at each stopover, and of return to Ottawa.

While these restrictions were imposed originally as a retaliatory measure, following a NATO Council discussion on the desirability of countering the restrictions imposed on foreign diplomats in the Soviet Union, the RCMP have found them very helpful for security purposes. Not only do they enable us to follow the movement and activity of Soviet officials in Canada more closely, but it makes it more difficult for these officials to engage undetected in improper activities. The impor-

[32] Nikolai Aleksandrovich Berdiaev (1874-1948) était un philosophe russe.
Nikolai Aleksandrovich Berdiaev (1874-1948), a Russian philosopher.
[33] Voir/See Volume 18, Document 968.
[34] Voir/See Volume 19, Document 1045.

tance of this aspect of the restrictions is underlined by a striking fact unearthed during the Petrov case: four-fifths of the Soviet Embassy staff in Canberra were involved in one way or another in the activities of the KGB, the successor organization to the MVD in the intelligence field.[35]

The RCMP have reported to us the two following matters which have come to their notice during their surveillance of the travels of Soviet officials in recent months:

(a) Certain members of the Embassy, including the Ambassador, deviate from time to time from their notified route; and

(b) Members of the Military Attaché's staff have been photographing industrial establishments in the Hamilton area.

These matters have been considered at a meeting held in the Department. Regarding the first, it was decided that the deviations already noted should be recorded, and that future flagrant or repeated deviations should be brought to the Ambassador's attention.

The discussion of Soviet photographic activities was inconclusive. The RCMP representative argued that such activities were open to prosecution under the Official Secrets Act. Our Legal Adviser, who was present, dissented: in any case, he pointed out that such action would not be in accordance with diplomatic custom. He felt that if we desired to restrict photographic activities by the Soviet Embassy, it would be better to devise restrictions comparable to our travel restrictions, and then declare any serious offender *persona non grata*. The possibility that such additional regulations would lead to new restrictions on our people in Moscow, however, prevented the meeting from deciding that new restrictions, on photographic activities, should be imposed at this time.

The purpose of this memorandum is twofold:

(a) To bring to your attention that our travel restrictions, which originally had merely a retaliatory purpose, are now making a valuable contribution to our counter-intelligence, and to seek your approval for this broadening of their scope; and

(b) To bring to your attention the two matters reported to us by the RCMP.

J[ULES] L[ÉGER]

[35] Le 3 avril 1954, Vladimir Petrov, troisième secrétaire et consul de l'ambassade de l'Union soviétique à Canberra, a demandé l'asile politique au gouvernement de l'Australie. Voir/On April 3, 1954, Vladimir Petrov, Third Secretary and Consul at the Soviet Embassy in Canberra, requested political asylum from the Australian Government. See *Keesing's Contemporary Archives, Volume IX, 1952-1954*, Bristol, Keesing's Publications Limited, 1954, pp. 13540-13542.

SECTION C

COMMERCE AVEC LA TCHÉCOSLOVAQUIE
TRADE WITH CZECHOSLOVAKIA

695. PCO

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

Memorandum from Acting Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 126-54 [Ottawa], May 13, 1954

CONFIDENTIAL

CONSULTATIONS WITH CZECHOSLOVAKIA ON TRADE AND FINANCIAL MATTERS

At its meeting on December 29[36] Cabinet agreed that Canada should accede to the request of the Government of Czechoslovakia to hold consultations in accordance with Article XXII of the GATT on special valuation procedures employed by Canada in respect to certain imports from Czechoslovakia and that once arrangements for such consultations had been made further consideration would be given by Cabinet to the course to be pursued. Ministers also decided that it should be understood that Canada's willingness to consult in no way altered the obligation of Czechoslovakia under the post-war credit agreement. It was suggested in the Memorandum to the Cabinet that both subjects might be discussed during any consultations.

Agreement has now been reached with the Czech authorities to hold talks in Ottawa around the middle of May. The Czech delegation will be authorized "to discuss certain questions of trade policy and questions arising from the Financial Agreement of 1945 and supplements".[37] It is envisaged that the consultations will involve consideration of:

(a) the present practice with respect to revising the valuation of certain Czech exports for customs purposes;

(b) Czech obligations under the post-war loan;

(c) the prospects for trade between Canada and Czechoslovakia.

Since it would appear desirable to avoid any impression that the settlement of the loan can be made dependent on the outcome of the discussions on valuation procedures it is assumed that these three subjects should be dealt with separately in the consultations with the Czech delegation. Inasmuch as the present practice of increasing the declared values of various imports from Czechoslovakia by something like 50% for duty purposes gives rise to administrative problems, there would seem to be merit in working out with Czechoslovakia more normal arrangements

[36] Voir/See Volume 19, Document 1048.
[37] Voir Canada, *Recueil des Traités*, 1945, N° 25./See Canada, *Treaty Series*, 1945, No. 25.

for verifying values consistent with the requirements of Canadian law in those particular cases where problems may exist.

In these circumstances, with the concurrence of the Minister of Finance, the Minister of Trade and Commerce and the Minister of National Revenue, I recommend that:

(a) as suggested in the note to the Czech authorities the consultations should take place with as little publicity as possible;

(b) the consultations with Czechoslovakia be conducted by representatives from the Departments of External Affairs, Finance, Trade and Commerce and National Revenue;

(c) on the matter of valuing Czech goods for duty purposes the Canadian negotiators should seek the cooperation of the Government of Czechoslovakia in carrying out the intention of Canadian Customs laws and, in particular, seek their agreement to admit a Canadian Customs official to the country in those cases where specific complaints are received and give him the minimum information and facilities considered essential by the Minister of National Revenue;

(d) on the question of the loan, the Canadian negotiators will endeavour to obtain the most favourable terms possible from a Canadian point of view. Should this involve any departure from the present legal obligations of Czechoslovakia, the prior concurrence of the Minister of Finance should be obtained;

(e) concerning general trade the Canadian negotiators should indicate that the Canadian authorities welcome trade between Canada and Czechoslovakia in goods which are not subject to restrictions on security grounds;

(f) any conclusion reached on each of these points during the consultations would be subject to approval by Cabinet and would be provisional until Cabinet has had an opportunity to consider them as a whole.[38]

BROOKE CLAXTON

Concurred in:

C.D. HOWE
Minister of Trade and Commerce

D.C. ABBOTT
Minister of Finance

J.J. MCCANN
Minister of National Revenue

[38] Approuvé par le Cabinet le 13 mai 1954/Approved by Cabinet, May 13, 1954.

696. PCO

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

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 152-54 [Ottawa], June 17, 1954

CONSULTATIONS WITH CZECHOSLOVAKIA ON TRADE AND FINANCIAL MATTERS

At its meeting on May 13th, Cabinet considered the line to be pursued by Canadian officials during the talks which were to be held in Ottawa with a delegation from Czechoslovakia. It will be recalled that the Canadian negotiating group was to seek the cooperation of Czechoslovakia in carrying out the intentions of Canadian customs laws and in particular to obtain permission to send a customs official to Czechoslovakia in those cases where specific complaints are received. On the question of the loan the Canadian negotiators were instructed to obtain the best settlement of the loan possible from a Canadian point of view and should this involve any departure from the present legal obligations of Czechoslovakia, the prior concurrence of the Minister of Finance should be secured. With respect to general trade between Canada and Czechoslovakia the Canadian representatives were to explain that the Canadian Government welcomes trade between Canada and Czechoslovakia within the restrictions imposed on security grounds.

2. After consultations with the delegation from Czechoslovakia during the past three weeks, provisional agreement has been reached with them on the problem of valuing Czech imports into Canada in accordance with the provisions of Canadian Customs laws and with respect to the question of settling the outstanding loan.

3. The basis of understanding arrived at with the delegation from Czechoslovakia on the question of valuing Czech imports recognizes that by reason of the character of the economic system of Czechoslovakia neither fair market values nor cost of production as prescribed by sub-sections (1) and (3) respectively of Section 35 of the Canadian Customs Act can be satisfactorily established. In the circumstances it is proposed to resort to sub-section (2) of Section 35 which provides that where valuation under sub-section (1) cannot be arrived at, the value for duty purposes shall be the nearest ascertainable equivalent. While such equivalent may not be ascertainable from available data from Czechoslovakia, home market values obtaining in other countries may provide a basis for determining the nearest ascertainable equivalent. In the view of the Department of National Revenue this interpretation of Section 35 is the only one practicable in the circumstances short of an amendment to the Customs Act. It should, however, be pointed out that this interpretation may be open to question in the unlikely event that this matter is brought before the Tariff Board or the Exchequer Court. In such an event, consideration would have to be given to the possibility of devising an amendment to the Customs Act to provide for valuation procedures applicable to imports from a country whose economy is wholly under state control.

4. In practice it is expected that the certified invoice value would generally be acceptable as the value for duty purposes. However, in the event the Canadian Customs authorities found that some goods from Czechoslovakia were being imported at questionable values, the Department of National Revenue would communicate with the Legation of Czechoslovakia in Ottawa or with the Canadian Legation in Prague. To facilitate the actual operation of this method of valuing Czech goods for import duty purposes the delegation of Czechoslovakia has signified the agreement of their Government to the appointment of an official from the Department of National Revenue to the Canadian Legation in Prague as an Attaché. This official would be accorded full diplomatic status and would have access to the Czech Ministry of Foreign Trade which would facilitate discussions with competent Czech officials responsible for the values shown on customs invoices and the selling prices of goods exported to Canada. In addition, this Attaché would provide the Czech authorities with information concerning laws and regulations governing imports into Canada and thereby assist the Czech trading agencies in meeting the requirements of Canadian customs laws and practices.

5. On the question of the loan the delegation of Czechoslovakia has proposed a schedule of payments acceptable to the Minister of Finance. Under this schedule the Government of Czechoslovakia would pay on December 31, 1954, the accumulated interest ($624,375) on the full amount and pay the capital ($9,990,000) in five equal instalments plus interest over a period of two years commencing the 30th of June, 1955, and ending the 30th of June, 1957. It should be noted, however, that the Czechoslovak Government has made these payments dependent upon the implementation of the Customs arrangements described above.

6. On general trade, the delegation of Czechoslovakia has been informed by officials in the Department of Trade and Commerce with respect to the general nature of present restrictions on the export of strategic commodities to Czechoslovakia. The Czechs spoke of their interest in increasing sales to Canada and provided the Department of Trade and Commerce with a list of products which they are interested in purchasing. This list includes meat of all kinds, lard, butter, feed grains, wheat, hides, skins, glycerine and pharmaceuticals of Canadian manufacture. In addition, the Czech delegation mentioned a number of commodities which are subject to export restrictions and Canadian officials have undertaken to investigate the possibility of licensing for export certain of these commodities within our general export control policies. The delegation of Czechoslovakia expressed the willingness of their Government to authorize the competent Czechoslovak import organizations to purchase during 1954 Canadian goods at least in the amount representing the value of Czech imports into Canada in the same period.

7. Memoranda on customs arrangements and general trade on which provisional agreement has been reached between the delegation of Czechoslovakia and the Canadian negotiators are attached.†

8. In the light of the above considerations, it is recommended that:

(a) the Minister of National Revenue be authorized to accept the arrangements described in the attached Memorandum on customs matters;

(b) the Minister of Finance be authorized to accept arrangements for the settlement of the loan, described in paragraph 5 above;

(c) the Minister of Trade and Commerce be authorized to accept the understandings recorded in the attached Memorandum on trade matters.

While it would be undesirable to give publicity to detailed arrangements, particularly with respect to customs matters, Ministers will doubtless wish to consider the form and substance of any public announcement concerning these consultations.[39]

L.B. PEARSON

Concurred in:

C.D. HOWE
Minister of Trade and Commerce

J.J. MCCANN
Minister of National Revenue

D.C. ABBOTT
Minister of Finance

SECTION D

SOCIÉTÉ RADIO CANADA — SERVICE INTERNATIONAL
CANADIAN BROADCASTING CORPORATION — INTERNATIONAL SERVICE

697.

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

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

SECRET

[Ottawa], January 15, 1954

FUTURE OF CBC INTERNATIONAL SERVICE

I. The International Service of the Canadian Broadcasting Corporation was established by P.C. 8168 of September 18, 1942, began operations in December, 1944, and was formally inaugurated by the Prime Minister (Mr. Mackenzie King) on February 25, 1945. Cabinet approved the founding of this Service on the recommendation of the Minister of National War Services with the concurrence of the Secretary of State for External Affairs. Parliamentary proposals to begin Canadian short-wave broadcasting operations antedate the Second World War. In 1938 the House of Commons Standing Committee on Radio Broadcasting reported to Parliament:

[39] Approuvé par le Cabinet le 17 juin 1954/Approved by Cabinet, June 17, 1954.

"Your Committee[40] was impressed with the importance of the establishment, at an early date, of a high power shortwave broadcasting station. Such a station, your Committee believes, would be a great utility in interpreting and advertising Canada abroad and in facilitating an exchange of programmes between Canada and other broadcasting system. ... "

In the following year (1939) a similar Committee repeated this recommendation and added:

" ... We desire to draw the attention of the government to the imminent possibility that further delay in proceeding with the undertaking may result in Canada losing altogether the shortwave channels registered in her name, and as a consequence being shut out of the field entirely."

In 1942 another similar Committee said:

"The reasons for the establishment of a shortwave system in Canada were compelling enough before the war to lead two parliamentary committees and the Board of Governors and officers of the CBC to express themselves in favour of it. The outbreak and course of the war have powerfully reinforced such reasons. Only a few allied broadcasting stations now reach enemy and occupied territory. A Canadian service would strengthen and supplement the existing British and American services. It would be particularly valuable if a British shortwave station were damaged. It would assist the cause of the United Nations in South America. It would supply the United Kingdom and other countries with information about Canada and the national war effort. ... Important as such a service would be during the war, it would also be of the greatest possible usefulness in establishing new areas of understanding, goodwill and trade after the war."

The shortwave service as established by the Order-in-Council was placed under the administration and control of the CBC. The relationship of the new service with the Department of External Affairs was set down in these words:

"In view of the fact that such shortwave broadcasts would constitute a factor affecting Canada's relations with the other countries of the Commonwealth, and with foreign countries, the work of the Canadian Broadcasting Corporation in this field should be carried on in consultation with the Department of External Affairs."

2. At the end of December, 1944, facilities and staff for the International Service had been procured and transmissions began in English and French. These included programmes for the Canadian forces. The Service got into full swing in 1945 when Czech, German (including some broadcasts for Austria), Dutch, Spanish and Portuguese (for Latin America) programmes were started. In 1947, Danish, Norwegian and Swedish were added, in 1948 Italian, in 1950 Finnish (once a week), in 1951 Russian, in 1952 Ukrainian and in 1953 Polish. Recorded programmes in Greek for broadcast over Radio Athens also have been produced as required. At present the language services are all in operation. In addition, the International Service carries

[40] Toutes les notes marginales suivantes semblent avoir été écrites par L.B. Pearson :/All of the following marginal notes appear to have been written by L.B. Pearson:
Parl[iamentary] Comm[ittee]

programmes for the Canadian forces in Europe and in the Far East (by relay through Radio Australia). A substantial number of the shortwave programmes are relayed on medium (broadcast band) wave in other countries (United Kingdom, Germany, Sweden, Chile, Brazil, etc.). In addition, transcriptions on discs or tape are produced and provided to radio stations or networks in other countries and are widely used.

II. *Scope and Value of Shortwave Broadcasting as a Medium*

3. It is an indication of the importance attached throughout the world to shortwave broadcasting as a medium for the influencing of men's minds that at latest count (December 1952) no fewer than 66 countries operate national shortwave broadcasting services. The extent of these operations varies, in terms of broadcast hours from the massive Soviet effort (*not* including Satellites) of close to 700 hours weekly down to a very few hours weekly. Canada at present ranks only thirty-second (less than 100 hours weekly) in the list of broadcasting nations and is roughly in the company of countries such as the Netherlands, Ceylon, Norway and Greece.[41] Some nations of comparable or lesser international importance feel justified in exerting a greater effort in this field — Australia, Argentina, Poland, India, Belgium, Czechoslovakia, Brazil, etc. The opinion of the Soviet Union and its associates on the importance of shortwave broadcasting, as expressed by Communist international radio activities, is perhaps not irrelevant to the present assessment. In addition to the formidable volume of Communist broadcasts to the free world, the Soviet Union and the satellites have thought it worthwhile to devote very considerable technical resources and highly trained personnel to jamming operations. They would certainly not have done so without a clear basis for the belief that Western broadcasts are effective.

4. Radio is perhaps the only means of communication which is not subject to governmentally imposed barriers such as censorship and thus enjoys an important advantage over other media such as the press, pamphlets and films in parts of the world where governments may prohibit the free flow of information.[42]

5. There is considerable scepticism in Canada and the United States about the listening audience for shortwave broadcasts. This is not unreasonable in the light of North American listening habits but it overlooks the fact that apparently North American listening habits are not typical of world listening habits. Surveys by the BBC and the Voice of America indicate that a far higher proportion of the population in Europe, Latin America and, to a lesser extent, the Middle East own and use shortwave receivers regularly. The abundance of high-powered medium wave stations, geared to popular tastes, accepted as a normal condition in North America is certainly less characteristic in other parts of the world.[43] The CBC has prepared some figures on the number of shortwave receiving sets throughout the world

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which indicate, at the least, that if shortwave has no audience it is not for lack of the necessary receivers. These figures show about 58 million shortwave receivers in the world, with about 50 million of these within the CBC target areas. Sample estimates of numbers of shortwave receivers for a few countries or areas are:

France	-	6,600,000
Germany (West)	-	7,100,000
Germany (East)	-	2,500,000
Scandinavia	-	5,800,000
Brazil	-	850,000
Spanish America	-	3,400,000
Holland	-	1,200,000

The question as to how many set owners used their sets to listen to Canadian programmes is, of course, difficult to answer and it is next to impossible to reach any thoroughly reliable and firm conclusions in this regard. However, audience surveys and the evidence of "fan mail" provide some sort of basis for faith that CBC-IS has a respectable following, although it makes no pretensions to the size of audience tuned in to BBC, Voice of America or the privately supported Radio Free Europe.

III. *Shortwave Transmissions and Canada's International Relations*

6. International broadcasting exists, broadly speaking, to advance a country's national interests in the international sphere. These interests may be political, economic, commercial, ideological or cultural, or all of these. Depending on Canada's relations with the governments of the individual countries concerned, Canadian broadcasts may be transmitted with the consent or support of a particular government or "over the head" and without the approval of that government. In broad terms Canadian broadcasts are composed of two principal ingredients: (1) General information about Canada and its people; (2) Information and opinion broadcast with specific political purposes. This is usually known as "psychological (or political) warfare" for want of a better term. Canadian broadcasts to behind the Iron Curtain are conducted for psychological warfare purposes, although in the process and serving the political end, much "Canadiana" is included in these programmes. Broadcasts to friendly countries, on the other hand, are devoted largely to non-political subjects and the "projection of Canada". However, as we also have political aims to serve in friendly countries, the psychological warfare aspect must be present here as well, though less frequently and less obviously. The recipe for mixing the political and non-political ingredients must vary with the importance to Canada of the political relations and attitudes of each country concerned. For example, broadcasts to Germany are more highly political than broadcasts to Brazil.

7. The CBC-IS originally was set only the task of maintaining and strengthening Canada's relations with other countries by making Canada better known and understood throughout the world. It was only at a later stage that the Service was asked to deal in psychological warfare. The more purely information task continued to provide the basis for most scripts. In this role, CBC-IS forms part of the apparatus for official Canadian information activity abroad and, in a sense, is justified if all

information work abroad is justified and on the same basis. If the comparative value of various information media is examined, it is probably doubtful that the spoken word can compare in impact with the written word or with the film. However, information about Canada is inevitably restricted, by means of films, pamphlets or news stories, to a relatively restricted number of people in foreign lands, whereas radio listeners comprise a vast audience, comprised both of those who listen to shortwave and to rebroadcasts on medium wave. The yardstick of listeners' letters is certainly not precise but it is indicative that the Voice of Canada has given a fair number of foreign people a better knowledge of Canada than they previously had.

8. A large part of the psychological warfare job carried out by CBC-IS could not be conducted in any other way. The broadcasts in Russian, Ukrainian, Czechoslovak and Polish are the unique means whereby the Canadian government can reach the peoples of these countries. It is generally accepted that an effort to explain Western life and policy to the people of the Communist countries is worthwhile and merits an expenditure of effort and money. If even a modest degree of success is obtained in counteracting incessant Communist propaganda and disabusing the Soviet people of some of the false concepts forced upon them, if the faith in the values of democracy and Christian civilization can be maintained at a healthy level in those countries more recently taken under Soviet sway, the moderate costs of radio broadcasting are well spent. The question, of course, is whether these (limited) objectives are attained by Western broadcasts in general and Canadian broadcasts in particular. The best witnesses for the defence of the broadcasters are certainly the Communist governments of Eastern Europe. These governments, according to Intelligence estimates, may be operating in the neighbourhood of one thousand transmitters for jamming. This involves, certainly, a very heavy expenditure. (The estimated cost for 2 new transmitters for CBC-IS is around $3 million.) Secondly, operation and maintenance of jamming equipment require the services of an army of trained technicians who could be used otherwise to good advantage. This costly and intense activity is surely a tribute to the effectiveness of Western broadcasts. Communist fear of Western radio was expressed recently to the Central Committee of the Polish Workers (Communist) Party by Radkiewicz, Minister of Public Security:

> "A serious problem is the mobilization of the Party and the community for the struggle against hostile propaganda disseminated by imperialist broadcasting stations. ... We must realize that enemy radio propaganda is the most important source of inspiration of various diversionistic gossip and rumours seeking to arouse panic in the market, war fears, etc. We must appreciate that, under the influence of radio inspiration, there have been carried out not a few crimes and offences. ... We cannot see this and simply do nothing about it. We cannot permit an attitude of indifference to this phenomenon. For the struggle on this sector, party organizations must be included on a broad front."

It is perhaps unnecessary to elaborate further that Western broadcasts are sufficiently important to merit serious concern for the governments behind the Iron Curtain. It is more difficult to get clinching evidence of the specific effectiveness of Canadian broadcasts. Interrogations of escapers from the Communist countries

sometimes refer, *inter alia*, to CBC broadcasts being listened to. The U.S.S.R., Czechoslovakia and Poland have, from the start, been apprehensive enough of the effect of Canadian broadcasts to jam them regularly. The BBC and Voice of America thought well enough of CBC Iron Curtain broadcasts to suggest an arrangement whereby the Russian broadcasts of all three would be synchronized to lengthen the odds that at least one Western programme would get through the jamming and be heard by Soviet listeners. There are also a few flimsy straws in the wind to prove that live listeners to CBC programmes exist behind the Iron Curtain: Gerald Clark of the *Montreal Star*, apparently by purest chance, met two on his brief visit to Moscow. Our diplomatic staff in Warsaw has talked to regular listeners. A trickle of letters, either boldly through the mail or dropped in the Legation's letter-slot, still come from Czechoslovakia (which provided a large fan-mail before 1948 and presumably has no fewer listeners in these days when captive populations are avid for news of the outside world). A few-odd letters come from East Germany and these indicate there is a fair listening audience there. There would appear to be sufficient evidence, even if by its nature it is not conclusive, to justify the continuation of these broadcasts. Moreover, there is now the probability that NATO may wish to seek some form of technical co-ordination of broadcasts by the NATO countries to the Communist countries. This would scarcely seem the time to curtail or drop Canada's modest participation in this sector of the Cold War — a sector which, it may well be contended, contributes to the defence of the West in the same way but in lesser degree as does the military build-up.

9. A further, and perhaps less important, aspect of the CBC role in psychological warfare is that of conveying political ideas to friendly countries. Much of the effectiveness of this activity will have to be taken on faith, if at all, but the effort is probably worth making. Canada's expressed interest in the development of Western military strength,[44] information about Canada's contribution to this effort and support for European initiatives to this end may conceivably influence some Frenchmen to the support of the E.D.C., may cause some Dane to pause in his hostility to NATO commitments, some German to prefer a close relationship for his country with the West rather than a return to armed nationalism or risky neutralism. This belief that radio broadcasts may influence the political attitudes of people in friendly countries is held by the United States and United Kingdom and others. If it is well grounded, there is surely room for Canada to make its own contribution, a contribution which may be surprisingly effective since the "Great Power" stigma does not attach to Canada and the Voice of Canada is not heard with distrust or resentment in Western Europe.

10. The comments up to this point have largely related to broadcasts to Europe. CBC broadcasts to Latin America have been conducted since 1946 and, from the evidence of listeners' letters, the Latin American Service has a reasonable audience. The broadcasts have carried a good deal of straight "Canadiana", entertainment and cultural content. The first aim of this Service is considered to be the promotion of trade by maintaining or developing a generally friendly and respect-

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ful attitude towards Canada. The political content has been small and usually indirect. Latterly the BBC and Voice of America have ceased shortwave transmissions to Latin America on grounds of economy, whereas the Soviet Union and satellites have increased their broadcasting time to this area several hundred fold. Quite possibly this situation suggests not only a political reason for continuance of this Service but perhaps also the desirability of providing a higher political content for these broadcasts to combat Communist propaganda ventures.

11. A further very important consideration affecting a decision whether or not to continue a governmental international broadcasting operation relates to the possible future. This memorandum has been devoted to a discussion of the CBC-IS in peacetime and the Cold War. The urgency and utility of international broadcasting becomes much more apparent and compelling in time of war when every resource of the nation must be brought to bear on a military and political victory. It needs little imagination to foresee that in the event of war the Government, on the basis of its own assessment of war requirements, because of official and parliamentary recommendations and, no doubt, because of insistence by allied nations, will wish to play its part in an allied propaganda effort. In such an effort shortwave broadcasting would inevitably claim a prominent role. It is not possible by virtue of an official decision alone to engage in an effective radio propaganda effort. Technical and engineering facilities, accommodation and various paraphernalia are required.[45] Above all, experienced personnel — engineers, management, scriptwriters, foreign language experts, broadcasters and others — all are essential to a successful operation. Even if the existing International Service is in full activity when a state of war might be declared, a considerable readjustment of the existing apparatus would be required. If, however, the whole apparatus had been dismantled and, more important, the trained personnel dispersed, it would take a regrettably long time to mount an effective radio operation. Moreover, it is highly improbable that Canada would be in a position to maintain the shortwave frequencies allocated to it if it failed to make regular use of them. The international competition for frequencies is such that loss of the allocated frequencies might paralyze for some time a Canadian effort to re-enter the international broadcasting field in case of war. While the potential requirement for a wartime shortwave apparatus does not, by itself, justify the peacetime apparatus, the importance of that potential requirement should surely be given full weight before any decision is made to dispense with existing machinery and trained personnel.

12. It seems possible that in the thinking which has been given to the problems of CBC-IS there may have been some confusion of the two related questions: (1) Is shortwave broadcasting a good thing for Canada to be doing? and (2) If so, is the job being satisfactorily performed by CBC-IS? Perhaps doubts about the latter question have carried over, unnoticed, into the former and larger question. This memorandum, of course, is largely concerned with the former. If it appears that Ministerial concern is fundamentally about *how* the job is being done, it would be idle to deny that much improvement can still be made in the CBC-IS operation. I

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Defence Organizations

think the programmes have improved in the last year or so, at least to the extent that the International Service now receives and makes use of information and guidance on international affairs and Canadian foreign policy. The standard is certainly not yet up to that of, say, the BBC and perhaps this is too much to expect for a long time to come. It may well be, however, that the pace of improvement could be accelerated if more or different outside attention were brought to bear on the work of the Service. One means might be to form (or resurrect) an Advisory Committee of officials to follow the operation of the Service from month to month and suggest any desirable changes. Another, but more drastic, means might be to enlist the services of some outside radio expert to scrutinize, analyse and make recommendations concerning the future work of the International Service. This latter suggestion might, of course, not recommend itself to CBC and, moreover, it seems most probable that any expert would feel bound to make recommendations involving further financial outlay — for new, high-powered transmitters, etc. More detailed suggestions along these lines might be made if it seems that the concern of the special Cabinet Committee lies in this area.

13. In summary, it is recommended that the operations of CBC International Service be continued at approximately the present level of activity.[46]

M.H. WERSHOF
for R.A. M[acKay]

PCO

698.

Note du secrétaire du Cabinet pour le Cabinet

Memorandum from Secretary to Cabinet to Cabinet

CABINET DOCUMENT NO. 137-54 [Ottawa], May 26, 1954

SECRET

CANADIAN BROADCASTING CORPORATION:
INTERNATIONAL BROADCASTING POLICY

At a Cabinet meeting held on January 7, 1954, a Special Cabinet Committee was established to review the purposes, operations and accomplishments of the International Service of the Canadian Broadcasting Corporation and to submit recommendations to the government as to future policy concerning this service.

After examining some of the more important aspects of the problem, the Cabinet Committee appointed a Special Committee of officials to make a detailed study of the C.B.C. International Service and to submit a report as to the best means by which economies could be made in that service. Such a report, containing a series

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facilities — could they be used — rented — sold [?][?] UN NATO

of recommendations, was prepared by the Committee of officials and submitted to the Cabinet Committee for consideration on May 25.

The Chairman of the Cabinet Committee has now directed that this report be circulated for consideration by Cabinet. Copy of this report, dated May 22, is attached hereto.

Members of the Cabinet Committee were generally inclined to endorse the recommendations set out in the report submitted by the Committee of officials. However, there was some discussion as to the expediency of terminating the Ukrainian service, as recommended by the Committee of officials. In the course of discussing this matter, it was noted that the Ukrainian service of the C.B.C. was completely separate from the Russian service and that a sizeable portion of its programmes consisted of original material prepared specially for that service. It was estimated that complete discontinuance of the service might result in an annual saving of approximately $50,000. There was a suggestion that the Ukrainian service might be continued, but as a part of the Russian service with programmes consisting largely of translations of the Russian programmes. If this were done, the annual cost of the service might be reduced to approximately $20,000, but this action might be regarded as more of an affront to the Ukrainian minority than complete abolition.

R.B. BRYCE

[PIÈCE JOINTE/ENCLOSURE]

Rapport du Comité spécial des officiels sur la politique de la radiodiffusion internationale pour le Comité spécial du Cabinet

Report from Special Committee of Officials on International Broadcasting Policy to Special Cabinet Committee

SECRET

[Ottawa], May 22, 1954

1. The Committee of officials requested to consider the policies, practices and budgets on international broadcasting activities of the C.B.C. has held a series of meetings to study further material supplied by the Corporation and by the Department of External Affairs, and has had the benefit of reports from Trade and Commerce and Immigration officers overseas on the value of such broadcasts from their point of view.

Purposes and Value of International Broadcasts

2. The present purposes of the international services have been considered to be, in summary, the following:

(a) to secure general political and social goodwill and understanding for Canada in European, Latin American and Commonwealth countries;

(b) to project Canada abroad — which is taken to mean the showing of Canadian life and culture to people of these countries and thus to inform and educate such people about Canadian aims and achievements;

(c) to provide a reliable source of international news for the people of the Soviet Union; to counteract Communist propaganda about conditions in Western countries and about the alleged warlike intentions of these countries; and, through reliable news, factual information and a vigorous statement of our views on current topics, to encourage the Soviet people both to question what their government tells them and eventually to oppose the aggressive policies of the Soviet government which have reduced some nations to subjection and forced many nations into measures of defence;

(d) to provide such a reliable source of news to people in Poland, Czechoslovakia and East Germany and to keep alive their contact with and desire for Western democratic life, and thus to frustrate, in whatever measure possible, the efforts of the U.S.S.R. to dominate them;

(e) to assist Canadian trade and commercial relations; and

(f) to assist in encouraging emigration of suitable people to Canada from Europe.

(An incidental advantage of the C.B.C. international service is to satisfy certain minority groups in Canada that wish to see contact maintained with peoples in Europe from which they originate, notably Ukrainians and Poles.)

3. The Committee has come to the conclusion that the present shortwave broadcasting service can achieve some of these aims but not all of them, and that it cannot achieve some of them in sufficient measure to warrant the costs involved.

4. In particular, the Committee believes that shortwave broadcasting serves a useful and valuable purpose in reaching behind the Iron Curtain to the people of the U.S.S.R., Poland, Czechoslovakia and East Germany. Its effectiveness here cannot be measured, but it is the only means available and the efforts of the U.S.S.R. to jam such broadcasts suggest it is worthwhile. The Committee believes more of the effort of the CBC-IS should be concentrated on this part of the work and the aims of policy should be clarified along the lines suggested below.

5. On the other hand, the Committee believes that shortwave broadcasting accomplishes relatively little in promoting Canadian trade or emigration to Canada. It does not appear to be reaching a sufficient number of people who might be influenced in respect of trade and migration nor does it seem likely to influence materially those it does reach. The Committee recommends that efforts should not be expended in trying to secure these purposes by this means. This should be borne in mind in determining both the extent and content of the programmes.

6. The Committee believes the International Service succeeds, in some measure, in securing goodwill for Canada in Western Europe and Latin America and in "projecting Canada" to the people there who listen to it. On the other hand, the Committee feels that too much value should not be set on these accomplishments and this means of securing them must be critically and recurrently appraised in comparison with other means and in relation to costs. On the whole, the majority of the Committee recommend that the general services to Western Europe and Latin America be curtailed and simplified in order to devote more time and effort to broadcasts behind the Curtain and to effect some saving in the total expenditure on shortwave broadcasting.

The Russian Programmes

7. The Committee, as noted, believes this programme is worthwhile and should be expanded. It is evident that the limitations on transmitter time and its use for programmes to Western Europe limit the full effectiveness of the programmes to the U.S.S.R. The Committee suggests that priority be given the Russian service.

8. In regard to policy, the Committee suggests that the government should approve the following principles to be followed in the Russian service:

(a) it should broadcast truthful news selected to be of interest to the intellectual and managerial classes in Russia (including the military), among whom the listeners are most likely to be found and who seem likely to be the only ones able to have any influence on Russian action;

(b) it should include political commentary on international affairs reflecting Canadian policy and typical Canadian viewpoints and should stress the fundamental tenet of Canadian foreign policy which is to develop mutually satisfactory relations with the U.S.S.R. as well as with other countries and to ensure, at the same time, that Canada can effectively resist aggression;

(c) enough should be included of our own internal differences of view and political controversy to suggest to the listeners that this is not simply government propaganda and that our political institutions are both really free and interesting;

(d) it should include sufficient other material to indicate that Canadians are not solely interested in or obsessed by political and international affairs, but are doing other things that are of interest to the class of persons in Russia specified above;

(e) it should also endeavour to arouse serious doubts in the minds of Russian listeners not only as to the veracity of their leaders' pronouncements on the political aims of other countries but also as to the intrinsic worth of Soviet policies, both foreign and domestic;

(f) as a long term aim, the programmes should be directed to suggesting that peaceful relations between Russia and the West are possible, and that both have much to do that is more constructive and more satisfying than carrying on a cold war or planning a hot one.

The Satellite Programmes

9. The Committee believes that the highest priority should also be given to programmes to the satellite countries — Poland, Czechoslovakia and East Germany, at the expense of programmes to Western Europe. This would include the allocation of more time and better time. It would not appear to require the addition of more staff for this work, except in filling vacancies, but the Committee feels that money is well spent in securing the highest quality staff possible for the creative and analytical side of this work in view of the high overheads involved in carrying on the programmes in any form. The Committee feels that the German programme must be treated as both a "behind the curtain" programme and one to friendly Western Germany as well.

10. In regard to policy, the Committee feels that while there must not be any clear inconsistency between the Russian and satellite programmes, and while many of the principles set out in paragraph 8 above with regard to the Russian programmes

will apply equally to the satellites, there are, in this latter case, special considerations which should be borne in mind by those responsible for determining the general nature of these programmes. The more important of these considerations are set out hereunder.

(a) In many satellite countries, particularly Czechoslovakia and Poland, there undoubtedly exists considerable sympathy for the West. The main purpose of the programmes to the satellite countries should be to encourage this trend since the mere existence in these countries of a sizeable body of opinion favouring the Western way of life might well deter the U.S.S.R. from launching mass attacks against the West.

(b) It should be made clear to the satellite countries that Canada recognizes their individual identities and is interested in seeing these identities preserved, and to this end the programmes should attempt to keep alive their hopes for independence as free nations.

(c) International broadcasts such as those of the Canadian Broadcasting Corporation, the Overseas Service of the B.B.C. and the Voice of America, are the only means available to most of the nationals of the satellite countries to learn the truth not only about their relations with Russia but about political developments within their own countries. Consequently, every effort should be made not only to give factual international news to listeners in these countries but also dispassionate accounts of local happenings within the countries concerned together with detached appraisals and political commentaries thereon.

(d) There is some evidence that the C.B.C. International Service has built up fairly large audiences in several satellite countries, particularly Czechoslovakia. A conscious effort should be made to attract additional listeners by designing programmes which are likely to be of interest to people in all walks of life.

Programmes to Western Europe

11. The Committee believes that the programmes broadcast to Europe (including U.K.) in English and French accomplish relatively little in the promotion of Canadian interest. On the other hand, it does not believe they can be eliminated entirely, if any broadcasting is to be done. It is recommended that these two programmes be reduced to forty minutes daily each, with occasional additional time for a special programme when warranted by purpose and quality. It is also recommended that the budget for this part of the service be substantially reduced and that the C.B.C. explore the possibility of using more of the content of suitable domestic programmes for re-broadcast on shortwave.

12. It is realized that at present the programme work for this English and French service frequently is the basis for other language services. The Committee believes that the priority recommended for the Russian and satellite services should carry with it additional resources, if needed, to enable the programming to be suited to the specialized purposes of these services.

13. The Committee has come to the conclusion that the Italian, Dutch and Scandinavian services should be curtailed substantially, as it is not felt that the rather general and intangible purposes to be served warrant the scale of expenditure

involved in the present programme schedules. It is believed that the number of listeners to these programmes is small and there is some doubt that Canadian shortwave broadcasting can, in any significant degree, affect national policy or public opinion in these countries. We can, it is true, convince some of the relatively small minority of the people in these countries who listen to shortwave rather than standard broadcasts, that Canada is a better and more cultured country than they would otherwise believe it to be, but the cost of doing so is out of proportion to the value gained. It is true, too, that shortwave broadcasting to Holland in particular has helped to sustain the special friendliness between the Dutch people and Canada that developed at the end of the war, but that friendliness can, and perhaps should, be fostered in other less expensive and more effective ways. One effective way of achieving this end is to increase, if possible, the number of C.B.C. relays over local stations in Western Europe since a much larger audience can be reached in this way than is possible by direct shortwave broadcasts. As to the latter form of broadcasting, it is recommended that the present daily programmes be replaced by two half-hour broadcasts, one on Saturdays and the other on Sundays, to Sweden, Norway, Denmark, Holland and Italy and that the Finnish service be discontinued entirely.

14. This week-end plan for Western Europe has several advantages. It provides a continuous schedule at a set time and day which can be announced. Broadcasting will be confined to Saturdays and Sundays when the listening audience is normally larger than during the rest of the week. This plan also holds the not inconsiderable advantage of permitting the reallocation of more favourable week-day listening periods to the all-important service to the satellite countries. In addition, more time would be allowed for the preparation of the broadcasts which can be recorded in advance. As two staff members would be needed for the preparation of relay material in any event, the direct weekend broadcasts can be added at little additional cost. It is suggested that, for the most part, the week-end broadcasts consist of projection of Canada material with little news content.

The Ukrainian Service

15. The Committee recognizes the special reasons that led to the establishment of the Ukrainian service. It feels, however, that if and when other services are to be discontinued, a critical appraisal of this service is warranted. Such a review leads to the conclusion that the service is not worth what it costs and its character is inconsistent with what seems to be the sensible policy in broadcasting to the U.S.S.R.

16. The Committee believes the Ukrainian service should be discontinued concurrently with the curtailment of the programmes to Western Europe and the discontinuance of the Finnish service. It is hoped that the occasion of a general revision of policy and operations would permit the discontinuance of this service without engendering an intolerable reaction from Ukrainian groups in Canada. If this recommendation is concurred in by the government, any criticism that might ensue could be countered by pointing out that discontinuance of the Ukrainian service is part of a general programme designed both to reduce the overall costs of the International Service and to improve the quality and quantity of those services which are to be retained, that as a matter of policy the Canadian government treats the Ukraine as part of the Soviet Union and not as a separate political entity as in the

case of Czechoslovakia and Poland, and that, because of Soviet jamming and for other reasons, it is reasonable to conclude that the C.B.C. is probably not getting through to Ukrainian listeners with anything approaching the regularity and clarity of the programmes beamed to the satellite countries.

17. Attached hereto as Appendix "A" is a list showing both the present and proposed time schedules for Eastern and Western Europe.†

The Latin American Services

18. The Committee has found it hard to judge the effectiveness of the Latin American services from the mixed reports it has received. There is probably more place for shortwave broadcasting, and for honest news from outside, than in Western Europe, even though many people cannot afford shortwave sets and the local taste in entertainment is for something rather lighter than the serious fare we provide. On the other hand, the value to the average Canadian of goodwill and the "projection of Canada" in Latin America is remote and the value to commercial relations is negligible. Nevertheless, the termination of this service to the sensitive Latin Americans would be an affront, and some, even nominal, appearance of a desire to cultivate friendly relations would probably be of general political value. This is enhanced by the fact that the U.S.A. has cut out its service to Latin America.

19. The Committee has therefore come to the conclusion that the service to Latin America — in Spanish, Portuguese, French and English — should be continued on a reduced scale. This will not take transmitter time that would be of any value for the service to areas behind the Curtain. The Committee suggests that the C.B.C. recognize the limited purposes of these broadcasts and endeavour normally to make them relatively light and inexpensive, with an occasional longer and more serious programme thrown in — perhaps even weekly — after some careful research into the potential audience and its tastes. More use too might be made of local broadcasting of transcribed programmes. Account should also be taken of seasonal variation in reception conditions in deciding upon special additional programmes. The Committee believes that it should be possible to secure a significant saving in the cost of the Latin American service on this basis.

20. Attached hereto as Appendix "B" is a list showing the present and proposed Latin American time schedules.†

Quality of Reception

21. The Committee has been disturbed by some of the reports from officers abroad concerning the difficulty encountered in various countries in getting adequate reception of the C.B.C. shortwave broadcasts. This problem will be less important if the Western European services are reduced, as suggested, but it will remain in respect of areas behind the Curtain and in Latin America. The Committee suggests that diplomatic officers behind the Curtain should have shortwave sets which can be used to test periodically the quality of the reception it is possible to obtain not only in the capital area, but in other areas as well. From their periodic reports based on this, and other sources they should explore, we should judge whether or not reception conditions warrant the continuation of this expensive venture in foreign policy.

22. In Latin America, it is suggested more effort be made by the C.B.C. itself to assess both reception conditions and the nature and tastes of local shortwave listeners through periodic visits by a competent specialized officer, supplemented by assistance from the permanent diplomatic and trade missions. Perhaps occasionally in the major potential listening areas it would be worthwhile to go to the expense of getting a sample poll taken of listening habits in their relation to the C.B.C. programmes. If in future these showed the number of listeners to be negligible, this could be used publicly as an understandable reason for discontinuing the service without any suggestion of disregard for Latin America.

Budgets and Reports

23. It is difficult in advance to say how much it would cost to operate efficiently the service on the reduced basis suggested above. However, after careful review of the international service budget by representatives of the C.B.C. and of the Department of Finance, the Corporation has agreed that the reduced service outlined above can be operated at an annual cost (taking into account the recovery of the Armed Forces and Northwest Territories broadcasts referred to below) of approximately $1.5 million. Such a budget would accomplish a saving of approximately $450,000 as compared with expenditures in 1953-54 and of more than $650,000 as compared with the estimates for 1954-55. A comparative budget breakdown showing how this can be achieved is attached as Appendix "C".†

24. It is suggested that if the government approves these general proposals, they should be announced to Parliament, then put into effect as soon as possible after July 1st, 1954, and a careful watch kept during the next twelve or eighteen months over the level of expenditures necessary to carry out the revised service.

25. An interim review of progress should be made for setting the 1955-56 estimates, and a final review for setting the 1956-57 estimates.

26. It is also suggested that the costs of the service to the Northwest Territories should not be borne on the appropriations of the International Service, to which they do not relate notwithstanding the use of the Sackville transmitter, but that the domestic service of the C.B.C. should bear the cost of this service, including a proper share of overheads.

27. Similarly, the International Service vote should not bear the cost of the special service to the Canadian forces in Europe and Korea. This should properly be charged to the Defence budget.

28. It is suggested that this Committee of officials should receive and review for consideration of the Cabinet Committee reports to be made each six months by the C.B.C. and the Department of External Affairs on the operations and policies of the International Service. The Committee believes it highly desirable that a close contact be preserved in future between the activity of this service and the general views of the government in regard to it. It is also desirable that when the policy is now reviewed and re-established, there should be a period of reasonable stability in the operation before new major changes are made.

29. The Committee finally wishes to draw attention to the fact that the reduced broadcasting schedule set out above will entail a reduction in the staff of the Inter-

national Service of approximately fifty persons, many of whom have been with the C.B.C.-IS since 1946. Some of these can be absorbed into the other services of the C.B.C., but others, because of their language specialties, cannot be employed in any other form of broadcasting.

R.B. BRYCE

PCO

699.

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], May 27, 1954

. . .

CANADIAN BROADCASTING CORPORATION; INTERNATIONAL BROADCASTING POLICY; REPORT OF CABINET COMMITTEE

10. *Dr. McCann* referred to discussion at the meeting of January 7th, 1954, when it was agreed that a special Cabinet Committee be established to review the purposes, operations and accomplishments of the International Service of the Canadian Broadcasting Corporation and to submit recommendations to the government as to future policy concerning this service.

After examining some of the more important aspects of the problem, the Cabinet Committee had requested a special committee of officials to make a detailed study of the Service and to submit a report as to the best means by which economies could be made. On May 25th, the committee of officials had submitted to the Cabinet Committee a detailed report setting out various recommendations, the more important of which were,

(a) That the C.B.C.-I.S. programmes to Russia and to the satellite countries be increased somewhat;

(b) that the Ukrainian and Finnish services be discontinued immediately;

(c) that the English and French programmes to western Europe, including those to the United Kingdom, be substantially reduced;

(d) that the Swedish, Norwegian, Danish, Dutch and Italian programmes be broadcast, henceforth, on a so-called "week-end" plan which would involve replacing the current daily programmes to those countries by a 30-minute period, on Saturdays and Sundays only;

(e) that the Latin-American programmes be curtailed and made lighter and less expensive in character; and,

(f) that the costs of the Northwest Territories services be borne by the domestic service of the C.B.C., and the costs of the special programmes for Canadian Forces abroad by the Department of National Defence.

If these recommendations were approved, it was estimated that a saving of approximately $650,000 might be made as compared with the estimates for 1954-55. It was further pointed out that contraction of services on this scale would entail

a reduction in the staff of the International Service of the C.B.C. of approximately 50 persons.

Members of the Special Cabinet Committee had generally been inclined to endorse the recommendations submitted by the committee of officials but were rather concerned as to the domestic implications of completely discontinuing the Ukrainian service.

An explanatory memorandum had been circulated.

(Secretary's memorandum, May 26, 1954, and attached report — Cab. Doc. 137-54).

11. *In the course of discussion* the following points emerged:

(a) As discontinuance of the Ukrainian service would only account for approximately $50,000 out of a total estimated saving of $650,000, it might be preferable to defer decision on this particular recommendation since its implementation would undoubtedly give rise to much criticism on the part of the numerous Ukrainian communities in Canada.

(b) It seemed clear that the value of the International Service from the immigration and trade promotion point of view was negligible. Nonetheless, the reduced service recommended by the committee of officials appeared to provide the minimum nucleus required to ensure that the personnel, transmitting facilities and short-wave channels remained available for use on an expanded scale in an emergency.

12. *The Cabinet* noted the report by the Chairman of the special Cabinet Committee on International Broadcasting Policy and,

(a) agreed that the Canadian Broadcasting Corporation be instructed to implement, shortly, but without publicity, the recommendations of the special committee of officials as set out in their report of May 22nd, 1954, except those relating to the Ukrainian service;

(b) deferred decision on the proposed discontinuance of the Ukrainian service pending further consideration at some later date;

(c) agreed that no announcement be made at this time concerning the proposed reduction in the programme schedule of the C.B.C. International Service; and,

(d) agreed that, if questions were raised in the House regarding this matter, Dr. McCann should merely state that the operations of the International Service were currently being reviewed by the government, and it was hoped that some reduction could soon be made in the present level of expenditures.

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3e PARTIE/PART 3

MOYEN-ORIENT
MIDDLE EAST

SECTION A

RELATIONS ARABES-ISRAÉLIENNES
ARAB-ISRAELI RELATIONS

700. DEA/50134-40

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

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

SECRET [Ottawa], November 12, 1954

ARAB-ISRAELI RELATIONS

In recent weeks we have been reviewing events in the Middle East to see whether there has been any improvement in the relations between Israel and its Arab neighbours. You may have seen the suggestions in the press that tension in the area was slowly decreasing and that there were glimmers of hope that in time the states concerned would reach some reasonably permanent settlement of their differences. As you are aware, Arab-Israeli relations are complex and our information about the happenings in the area is not always free from bias and doubt. We hope that in time this situation will be remedied by the reporting from our new missions in the Middle East. Meanwhile, any assessment must be hedged with reservations. This memorandum summarizes the conclusions of a more lengthy analysis of recent developments which may be of interest to you and which I have attached.

2. Incidents along the lines of demarcation between Israel and its neighbours have continued but the intensity of the border strife has declined. The truce supervision machinery has been overhauled and improved and is now operating effectively and with a high degree of cooperation from all the parties. General Burns appears to have established himself as an impartial judge of the manifold disputes arising between the states concerned. His initiative in trying to increase the effectiveness of the truce observation teams has been welcomed by the United Nations Secretariat, by the press and by officials of governments interested in but not directly connected with the Palestine dispute. You will have seen Sir Anthony Eden's tribute to General Burns.

3. The refugee problem continues to be an underlying cause of Arab dissatisfaction. Recently Israel made an important offer concerning the release of blocked accounts and the compensation of dispossessed Palestinian Arabs which may appease refugee sentiment to a considerable extent. The Government of Jordan has disavowed the negotiations which the Israelis claim to have held with representa-

tives of the refugees about the release of blocked bank balances and the outcome is yet to be determined. The new Jordanian Government contains strong elements from the "west bank", that is, from the territory which was formerly within the Palestine Mandate. This probably accounts to a large extent for Jordan's obdurateness in its recent dealings with Israel. If Israel were to add to its announced concessions to refugees an offer to repatriate a token number of them, the Arabs' sense of injury on this score might be allayed.

4. To secure peace the Government of Israel may be prepared to make further concessions, even including minor alterations along the frontiers and some form of international control of the Holy Places. A corridor across the Negeb desert and access to and the use of the port facilities of Haifa, both of which the Israelis have already offered, should appeal to the trade-conscious Arabs. In return the Israelis would reasonably expect a final peace settlement, not too rigidly based upon the various United Nations resolutions and particularly those adopted before May 1948, and a consequent lifting of the Arab blockade. If comparative quiet could be maintained along the demarcation lines for six months or so, the present Arab leaders, most of whom are privately persuaded that Israel has come to stay, might be induced to promote the idea among their people and eventually to negotiate a *modus vivendi* with Israel. The chief obstacles to this development are (a) the barrier of hatred which the Arab Governments have allowed to be raised in Arab public opinion and which the aggressive and retaliatory acts of Israel have strengthened, and (b) the self-delusion which the Arabs have practised about their ability to crush the new state of Israel. In addition Israeli cries of protest and anger have frequently been overdone, increasing Arab suspicion about Israel's real intentions.

5. To create the atmosphere for Arab-Israeli negotiations the Western Great Powers may be required to reaffirm their determination to maintain the territorial *status quo* in Palestine. Both sides are anxious to be reassured on this score. It seems that something more positive than the Tripartite Statement of May 25, 1950[47] is needed. This need has become greater in recent months as a consequence of the United States decision to supply arms to the Arab states, notably to Iraq and Egypt, and of the United Kingdom withdrawal from the Suez Canal Zone. These two developments, combined with the successful outcome of the negotiations in Tehran, have undoubtedly paved the way for better relations between the Muslim states of the Middle East and the Western democracies but they have produced in Israel a sense of isolation, particularly since the Soviet Union has begun to woo the Arabs at the expense of Israel.

6. The arming of the Arabs against communism may well be more complicated than the proponents of the "Northern Tier Concept" care to admit. Because of the political instability in the countries concerned, their preoccupation with local problems, their distrust of foreigners and particularly those from the West, and the urgent need for economic development which is so much hampered by the crushing burden of defence expenditure, the "lining up" of the Arabs is fraught with risks

[47] Voir/See United States, Department of State, *Foreign Relations of the United States (FRUS) 1952-1954*, Volume 9, Part 1, Washington: U.S. Government Printing Office, 1986, pp. 405-406.

not only for the Western cause but for the peace of the Middle East. It would be gravely misleading to conclude that the attainment of peace and stability in the area is merely a question of time. The danger of renewed hostilities is never far removed. It lies not so much in the intentions of the governments concerned as in an accidental outburst or an adventure embarked upon for political opportunity. Accordingly, there is some basis for the Israeli fear that the arms given to the Arabs to fight communism might ultimately be turned against Israel.

7. In these circumstances the control of the supply of arms to the Middle East, a control which has become dangerously lax in the last year, is in need of repair. It is clear from recent reports on the export of arms to Israel that the United States, the United Kingdom and France do not always agree on the quality and quantity of arms which should be shipped to Middle East countries. This failure to cooperate, combined with the fact that the countries in the area can and do obtain arms from still other sources, makes it practically impossible to maintain the so-called equilibrium in military power in the Middle East and merely adds to the "crisis of confidence" in Arab-Israeli relations.

8. Canada has been concerned primarily with Israeli requests for arms. The available evidence indicates that during the past year Israel may have been stockpiling beyond its ordinary needs for defence and internal security. This stockpiling could mean that

(a) The Israelis fear that time is on the side of the Arabs, that the latter will ultimately attack Israel, that therefore Israel must strike soon to achieve the military objectives which would compel the Arabs to make peace; or

(b) The Israelis do not fear an attack from the Arabs under present leadership but they do see a real possibility that Arab extremists may gain the upper hand and launch a new war; therefore Israel must be strong enough to ward off such an attack and "strong enough" must be assessed in the context of the proposed arming of the Arabs against communism.

On the basis of the information now available to the Department, (b) would appear to be the safer assessment. A third possibility that Israel has expansionist designs on territory beyond the present demarcation lines seems most unlikely in the present circumstances.

9. The assessment stated in the preceding paragraph does not imply necessarily that Israel's "fear complex" is well-founded or that Israel should be encouraged in it. The danger of over-arming one side, and thus tipping the balance of military power in the Middle East, is perhaps more real today than it was in 1948, because the scale at which arms are being supplied to the area is vastly increased. If our interpretation of recent developments is correct, the time may be ripe and the need is pressing for the Western Great Powers to re-examine closely in a coordinated way the entire field of Arab-Israeli relations with a view not only of bringing the supply of arms under control but of bringing the parties to the Palestine dispute to the conference table. The West's new-found friendship with the Arab states could be used not to encourage them in their bitterness against Israel but to sell them on the benefits which would accrue to all concerned, if a practicable solution could be found to the problems existing between the Arab states and Israel. There have been

no clear indications that those powers are contemplating any comprehensive action to achieve those ends; nor have we any precise ideas on how such action might be initiated. What is clearly called for, however, is some positive step to create confidence on both sides in the Middle East, and a re-affirmation in more exact terms of the Tripartite Statement of 1950 would probably be a useful point of departure.[48]

J[ULES] L[ÉGER]

[PIÈCE JOINTE/ENCLOSURE]

Note

Memorandum

SECRET

Ottawa, November 12, 1954

ARAB-ISRAELI RELATIONS

During the past year, and particularly during recent months, the Department has had to consider an increasing number of requests for the sale of arms to countries in the Middle East. These requests have increased in size and in importance and, from consultations with United States and United Kingdom officials, it is clear that the requests to Canada reflect a substantial increase in the arms exported into the Middle East from Western sources. The situation calls for a re-assessment of Arab-Israeli relations to see (a) whether tension in the area is slackening; (b) what has prompted the increase in the sale of arms to Middle East countries; and (c) what impact the present influx of arms is likely to have in the area. The subject matter is complex and the sources of information are not free from bias and doubt. The assessment must, therefore, be hedged with reservations.

Outbreaks of Violence

2. If violence along the borders of Israel were the sole criterion for determining whether relations had improved, there would not be too much room for optimism. At the beginning of July occurred a sudden and violent outburst between Israelis and Jordanians face to face in Jerusalem; the exact cause of this disturbance has not been determined. In September the Israelis were condemned by the Israel-Jordan Mixed Armistice Commission "in the strongest terms for this latest aggression", that is, the well-armed and well-organized raid by Israeli forces on the village of Beit Liqya, three miles inside Jordan. On October 2 the Israel-Egypt Mixed Armistice Commission, noting the deterioration on the situation along the frontier between these countries, condemned Egypt and called upon the Egyptian authorities "immediately and finally" to put an end to acts of aggression against Israel. There have been other sporadic but relentless killings, thefts, gun-fire, rustling and marauding along the demarcation lines. The infiltration from the Gaza Strip (Egyp-

[48] Notes marginales :/Marginal notes:
A very good analysis of the position. Might we not show this to our British & US friends in the F[oreign] O[ffice] and State Dept? L.B. P[earson]
Incl[uded] with desp[atch] to London, cc Washington et al [Auteur inconnu/Author unidentified]

tian territory) has been particularly vicious and apparently is aimed at disrupting Israeli efforts to develop the Negeb desert. Israeli retaliatory raids, designed to "punish" the areas from which the infiltrators come, were deplored by General Burns in his report of September 7 to the Secretary General of the United Nations.

3. Taken by themselves these incidents are grave enough and if allowed to get out of hand they could, as General Burns has pointed out, lead to a renewal of general hostilities between the countries concerned. In the context of the bloody Qibya raid on Jordan territory in October 1953 and the consequent massacres at Scorpion Pass and Nahalin in March 1954, the most recent outbreaks are relatively tame. United Kingdom observers, who at one time feared that a major incident might occur during the annual manoeuvres of the Israeli Army which took place in September, were relieved to find that in fact the manoeuvres this year were on a relatively small scale, with fewer reservists called up than in previous years, and were conducted in comparative quiet. A significant difference too was that, following the grave disorders about the beginning of 1954, the Security Council took a renewed interest in the Palestine question, strengthened the United Nations Truce Supervision Organization and intensified the search for more effective methods for implementing the Armistice Agreements.

Attitude of the Parties

4. Another discouraging factor has been the ceaseless campaign of vilification which each side has waged against the other. In the general debate at the present session of the General Assembly the Israeli representative and his Arab counterparts made charges and countercharges along the usual lines. Each side professed peaceful intentions and blamed the other for aggression. The Arabs clung to the General Assembly resolutions, the Israelis to the Armistice Agreements. Perhaps the opposing positions have become too doctrinaire to permit an about-face in public.

5. Yet even in the midst of the hot words exchanged, and the representative of Iraq was so intemperate that the President of the Assembly considered it necessary to reproach him, there were indications that the situation was not hopeless:

(a) The representative of Syria suggested that the deadlock on the Palestine question could be solved by the establishment of a Palestine Commission, consisting of the five permanent members of the Security Council, with wide powers to give effect to the resolutions of the General Assembly. Although this proposal was dismissed as "frivolous" by the Israeli representative and although it apparently did not have the endorsement of the other Arab members, the fact that it was presented and the relatively mild tone of the Syrian statement illustrated that not all the Arabs were bent upon the destruction of Israel. The Syrian position may have been taken because Syria had merely a care-taker government; it may also have perturbed some of the extremists in the Arab camp. However, it could exemplify some Arab resignation, in keeping with what we believe to be the private views of the more enlightened Arabs, about the fact that Israel has come to stay.

(b) The Israeli representative, declaring that there was a deep crisis of confidence between Israel and its neighbours, suggested that the only conceivable way of allaying such fears would be the conclusion of peace treaties, placing Arab-Israeli

relations on a permanently normal footing, but as a preliminary or transitory stage to that end it might be useful to conclude agreements committing the parties to policies of non-aggression and the pacific settlement of disputes. The Egyptian representative, speaking immediately after the Israeli, stated that "the professed peaceful intentions of Israel cannot be regarded as valid even for a moment". He maintained that Israel was trying to delude the whole world as to its expansionist designs and was stirring up doubt about the true peaceful intentions of the Arab countries. The Egyptian statement has been generally regarded in the press as an immediate rebuff to the Israeli offer. It is by no means clear that the statement was so intended, particularly because the Egyptian representative did not deal categorically with the Israeli "peace proposal". This leaves slight room for hope that the Arabs might in time be prepared to consider the Israeli suggestion, or something like it.

The Refugee Problem

6. Clearly the unresolved problem of Palestine refugees looms large in the minds of the Arab political leaders. The representatives of Egypt and Iraq underlined it in their recent statements to the General Assembly. The refugees exert strong political pressure on the government of the countries in which they have resettled; they provide a fertile field for exploitation by political opportunists; they also play a large part in the infiltration across the demarcation lines. Uprooted from their traditional environment, unwanted in the new lands for international and domestic political reasons, and a constant drain on the economies of the Arab countries concerned, the Palestinian refugees pose what is perhaps the fundamental and certainly one of the most difficult problems in Arab-Israeli relations.

7. At the end of September the Government of Israel took an important step to conciliate the refugees and their Arab advocates. In continuation of its discussions with the Conciliation Commission for Palestine, Israel announced that it would release to absentee or refugee owners all outstanding bank balances in Israel, together with articles deposited for safe custody and the contents of safety deposit boxes at present vested with the Israeli Custodian of Absentee Property. The total amount of the blocked accounts was about $8,500,000 of which one-third had been released earlier by the Israeli authorities. The Government of Jordan has disavowed the negotiations which the Israelis claim to have held with representatives of the refugees about the release of blocked bank balances and the outcome is yet to be determined. The new Jordanian Government contains strong elements from the "west bank" territory which was formerly within the Palestine Mandate. This probably accounts to a large extent for Jordan's obdurateness in its recent dealings with Israel.

8. About the same time, in an interview broadcast in Arabic, the Israeli Foreign Ministry stated that Israel was resolved to start a practical scheme of paying compensation to the Palestine refugees; that the Israeli Government believed that a practical plan could be found for interregional communication across the Negeb desert; and that Israel was ready to grant to Jordan facilities in Haifa harbour and transit rights for goods through Israeli territory. These conciliatory steps, believed to have been taken by the Israeli Government to ease the tension in Palestine, were

given full publicity in the Arab press and although they have been the subject of Arab criticism, have been described by some Western observers as the most significant development in many months.

Truce Supervision

9. There has been an improvement in the relations between the United Nations Truce Supervision Organization and the parties. The prestige of the observer group and of the Chief of Staff has been restored. When General Burns entered upon the scene, the Israelis were not co-operating with the Mixed Armistice Commission for Israel and Jordan, largely because of their antipathy toward Commander Elmo Hutchison of the United States Navy, who in March had abstained in the voting on an Israeli resolution condemning Jordan for the ambush of an Israeli bus at Scorpion Pass; there was a backlog of cases to be dealt with by the appeals board set up by U.N.T.S.O.; and the observers had been denied entry into areas controlled by Israel unless accompanied by an Israeli conducting officer. At the present time the Israelis are cooperating with the Mixed Armistice Commission; the appeals board has begun to function again; the Israelis and General Burns have devised, not without an argument about the function and powers of U.N.T.S.O., a practicable method for facilitating investigations by observer groups. The impression is that the truce supervision machinery is running much more smoothly and that General Burns has the confidence of both sides, notwithstanding his differences with the Israelis. Since he arrived in Palestine under a cloud of Arab suspicion, these differences have probably served to persuade the Arabs that General Burns will be impartial.

10. In addition, military commanders on both sides have exercised restraint. The Arab Legion has been held in check, in large measure owing to the presence of British officers. The senior commanders of the Israeli Army have shown themselves willing to listen to reason. Many of the incidents probably result from hotheadedness among the militia and para-military forces which man the borders and from the nervousness of the armed civilians on both sides. Some may arise because the wandering Bedouins innocently or stubbornly refuse to give up their traditional ways in spite of the newly established frontiers. Other incidents, particularly those in Jerusalem and along the Gaza Strip, may well be the work of professional terrorists. There have been unconfirmed suggestions, for example, that the Muslim Brotherhood has played a part in these activities and that the incursions from Egypt bear the marks of training by ex-German army instructors, who if Nazis might relish the prospect of testing their techniques and their trainees against the Israeli inhabitants. The real possibility that these influences are at work illustrates the difficulties to be overcome not only by U.N.T.S.O. but by the local authorities in the countries concerned.

Domestic Politics

11. No analysis of Arab-Israeli relations would be complete without some reference to domestic politics, for these in large part dictate the external policies of the governments concerned. The rising Arab nationalism and the bitter resentment of the very existence of Israel have created an awkward situation for Arab political leaders, even the more moderate ones. The dispute with Israel is one topic on which

it is very difficult to get any Arab to listen to advice or even to talk rationally. Even those leaders who confess privately that their rigidly negative attitude towards the Jews is a mistake cannot persuade any substantial body of local opinion that Israel has come to stay, and indeed hardly dare try to do so. As long as the widespread hatred and fear of Israel prevails in the Arab countries, it will not be possible for the governments concerned to parley with Israel, however shortsighted and stultifying this attitude may appear to the enlightened elements. What is needed is a lengthy period of quiet along the frontiers, to allow time for some relaxation of tension and for an inclination to peace to develop. If the Israelis could follow up their recent offer of concessions with restraint as regards armed excursions in retaliation against the infiltration into Israel, there is some hope that the atmosphere for peace can be brought about.

12. On the Israeli side the Government has also to deal with a roused public sentiment. Because of their successes in 1948, the Israeli militarists and other extreme nationalists see no reason why the present impasse cannot be solved by force. The economy of Israel, relying on the one hand on financial assistance from outside and crippled on the other by the Arab blockade and by the costs of defence, demands that an early solution be reached of the dispute with the Arabs. There is the lingering fear, heightened by irresponsible Arab statements, that the Arabs are merely gathering their strength for another attempt to crush Israel. A constant irritant too is the infiltration into Israel which frequently results in a loss of Israeli life and almost always in a loss of Israeli property. Faced with the urgent problem of placing the country on a sounder economic footing and with the pressure of a population which has expanded too rapidly through immigration, impatient and energetic Israelis are pressing for action by their Government which will compel the Arabs to make peace. The wonder is that the moderate elements, represented by Mr. Sharett, have been able to avoid the temptation of appeasing this rampant nationalism. Incidents like the massacre at Qibya and the more recent attack on Beit Liqya, suggest that from time to time the pressure for decisive action cannot be restrained; yet the folly of these punitive raids is that, far from deterring infiltration, they increase the hatred and thirst for revenge, setting up a chain reaction which could easily get out of hand.

Export of Arms to the Middle East

13. In recent months the Israelis have intensified their efforts to procure arms, particularly from the Western democracies. Their declared object is to refurbish the fighting equipment of the Israeli forces. The net effect of these purchases has been to increase greatly the military strength of Israel. The important question to be decided by the supplying countries is whether this Israeli quest for arms is born of a fear of an Arab attack or is indicative of an Israeli intention to seek a solution by force of the deadlock in Palestine. The weapons which the Israelis have been seeking — jet aircraft, tanks, aerial bombs and increased artillery — seem well beyond their needs for defence against the Arabs, in the present disorganized state of the latter. The best available evidence indicates that Israel could now defend itself against any attack the Arabs could mount. Moreover, the weapons in demand are not those normally used for punitive raids (assuming one could find justification

for the retaliatory raids carried out by Israeli forces). This circumstantial evidence could mean, therefore, that the Israelis are contemplating large-scale operations.

14. On the other hand, the recent Israel efforts to obtain more arms have coincided with an intensive propaganda campaign by the Israeli Government and by Zionist organizations to persuade the world that Israel's future has been placed in jeopardy by the decision of the Western Powers to arm the Arabs against communism. The Israelis have expressed anxiety about the Turco-Pakistan Treaty, the United States agreement with Iraq on military aid and the United Kingdom agreement with Egypt about the Suez Canal Base. The latter agreement results, of course, in the lifting of the arms embargo in respect of Egypt and, taken with the others, could presage a preponderant increase in the arms to be shipped to the Arab states. The recent developments in the Middle East in the direction of closer cooperation between the Muslim states and the Western democracies have produced in Israel a sense of isolation, particularly since the Soviet Union has begun to woo the Arabs at the expense of Israel. In these circumstances and before the Arabs actually get their hands on the new weapons, the Israelis may well consider that they must now look to their own defences, if Israel is to survive.

15. A United Kingdom estimate in 1953 of Israel's military strength on full mobilization, which estimate was based on the assumption that Israel could receive substantial supplies of equipment from outside, was that the Israel Army could be expected to fight intelligently and tenaciously *in defence of Israeli territory*. Reliable observers believe that in any future struggle with the Arabs the superior efficiency, skill and organization of the Israel Air Force might well turn the balance. As in the case of the ground forces, the morale and fighting capacity of the Air Force would likely be higher in defence than in attack. Whether Israel would continue to be capable, as in 1948, of strongly repelling a combined assault by the armies of Egypt, Iraq, Jordan, Lebanon and Syria is an open question. Like Israel, the Arab countries have been strengthened militarily since 1948 and, if the proposed United States programme is carried out, they will receive additional aid, enabling them to expand and improve their fighting services. Nevertheless, the outcome of any new Palestine war would probably still depend on the amount of coordination and tenacity displayed by the larger Arab forces.

16. The Israelis have recently become alarmed at what they consider a change of attitude by the United States and the United Kingdom, but more particularly the former. In public statements Mr. Sharett has emphasized that Israel is fully aware that the Western powers are sincerely anxious to avoid "a new regional conflagration" and that their policies in the Middle East are by no means rooted in a deliberate design to injure Israel. The Israeli anxiety, however, is born of the conviction that by strengthening the Arabs, ostensibly to fill a power vacuum in the cold war, the Western Great Powers are dangerously encouraging countries to maintain "an illegal state of belligerence" against Israel and to refuse to make peace with it. In short, the Israelis fear that the arms supplied to fight communism will be turned at the propitious time against Israel. This fear underlies Israel's outspoken opposition to the Turco-Pakistan Treaty, the United States arms agreement with Iraq and the United Kingdom withdrawal from the Suez.

17. This Israeli fear has *prima facie* basis, because the Arab Governments have steadfastly refused to forsake publicly their previously avowed animosity toward Israel. (Last week, the King of Jordan declared that his Government's policy on Palestine was one of "no peace, no negotiations with Israel" and full support for the rights of Arab refugees.) It seems that in the negotiations with the United States about arms the Arab Governments have been reluctant for domestic political reasons to give openly assurances that the arms will not be used against Israel. For similar political reasons the Arab states have been slow to enter into formal agreements which would bind them closer to the West. Some leaders, like Nuri Said Pasha in Iraq, have expressed a desire to strengthen these ties but said they must hold back for fear of offending their own people or Arab neighbours who view with distrust any closer alignment with the West. Colonel Nasser is said to be privately in favour of a closer knit defence organization in the Middle East which would be associated with the West but apparently he too is unable at this time to carry Egyptian public opinion with him. Thus, if there were now to be any large-scale arming of the Arabs, there would be an inherent risk that peace within the area might be disturbed, especially if the extremists were to gain control in the Arab countries.

18. Officials in the United Kingdom and the United States concerned with the export of arms to the Middle East have emphatically asserted that there has been no change of policy. The primary objective has remained to maintain a balance of power as between Israel and its Arab neighbours. United States officials have pointed out that the arms agreement with Iraq and the proposed agreement with Egypt (on which little headway has been made) involves only a moderate programme of military assistance. They say that reports in the press on United States intentions with respect to the Arab states are completely out of balance. They are alarmed at the extent to which United States policy in the Middle East was made an issue in the Congressional elections, the results of which could mean a new swing in favour of Israel. These United States officials have clearly been suspicious of Israeli intentions. Although the United Kingdom officials do not say that Israeli motives are sinister, they are obviously worried by the recent build-up in the military strength of Israel. They are particularly anxious about a French decision, apparently taken independently of the United Kingdom and United States, to sell Mystère jet aircraft to Israel. The United Kingdom has, nevertheless, been selling some second-line jet aircraft and tanks to Egypt and Israel. It is clear from recent reports that the joint control of arms exports to the Middle East, ostensibly in implementation of the Tripartite Statement, leaves something to be desired.

19. Notwithstanding the continuing public denunciation and the perennial Arab threats, there seems little likelihood that the Arab states contemplate any new attack on Israel. Rivalry, jealousy and intrigue continue to bedevil the attempts at collective action by the Arabs. None of these states is strong enough yet to wage a separate war against Israel. All of them suffer acute political instability and economic depression. Lebanon, Iraq and Syria would probably treat with Israel, if they thought Egypt would follow suit. Jordan might be dragged or pushed into line. Egypt holds the key to peace in Palestine and the real hope lies in Colonel Nasser's ability to gain and keep the support of the volatile Egyptian public. He can only achieve this end by building on a solid foundation of economic and social reform.

If he found the going too tough, he might be tempted to embark on a nationalistic adventure, such as the persecution of Jews in Egypt, which only very indirectly might lead to a war with Israel. To date he has kept control by beating one scapegoat but with the departure of the United Kingdom troops he and the Council of the Revolutionary Command will have to face their domestic responsibilities squarely. The recent crack-down on the Muslim Brotherhood is a step in the right direction for although it will embitter the enemies of the régime, it will shake the foundation of extremist opposition. If this stamping out of dangerous and irresponsible political opponents is accompanied by a real improvement in the economic and social fields, the Nasser régime might yet give Egypt its long-awaited stability. If Nasser were to be eliminated, however, the prospects for stability in Egypt and for peace in the Middle East might be gloomy indeed. The Israeli authorities know all this and the encouraging signs fail to relieve their anxiety, perhaps *because* they see all around them the instability and latent extremism which provide an explosive atmosphere for political adventure.

20. The Tripartite Statement of May 25, 1950, made by the United Kingdom, the United States and France, was designed to bring about a relaxation of tension in the Middle East and a consequent falling off in the quantities of arms purchased by countries in the area. Although the Western Great Powers were anxious to avoid an arms race in the Middle East, they recognized the need of the Arab states and Israel to maintain their armed forces at a sufficient level for internal security and legitimate self-defence and to permit them to play their part in the defence of the area as a whole. The purchasing states had given assurances that they did not intend to undertake any active aggression against any other state. Under the terms of the Statement, if those states were found to be preparing to violate frontiers or armistice lines, the United Kingdom, United States and France would immediately take action both within and outside the United Nations "to prevent such violation". The operative sections of the Statement are somewhat vague and, in the light of developments in the area since May 1950, there seems to be a growing need for a clarification of what action might be taken by the Western Great Powers to prevent the violations to which the Tripartite Statement referred.

Diplomatic Activity

21. It is because of the "crisis of confidence" in the Middle East that both sides have been pressing the Western Great Powers for firmer guarantees concerning their security. Each side needs to be reassured about and reinsured against the intentions of the other. In a joint approach in London on September 17 the Arab representatives urged that "urgent measures" be taken to deter Israel from any "further aggression" and asked that immediate assistance by given to the Arab states in order to strengthen them economically and militarily. A non-committal reply was given by the United Kingdom on September 21 because the Arab initiative was first regarded as little more than a counter to the Israeli campaign against the granting of undue assistance to the Arabs. Later when the Foreign Office had digested the Arab statement and the friendly and encouraging remarks of the Prime Minister of Iraq during his recent visit to London, the United Kingdom officials began wondering whether the time might not be ripe to persuade the Arabs to make some

gesture, however small, which would contribute to the easing of Arab-Israeli relations. The United Kingdom officials have in mind a collective or separate public assurance by the Arabs along the line of the Tripartite Statement of May 25, 1950. United States and French authorities have been consulted on whether the Arabs should be approached on this matter.

22. For their part, the Israelis have sought formal assurances from the United Kingdom that the Arab states will not be allowed to acquire a marked superiority in arms over Israel. The Israelis have also inquired in what circumstances the United Kingdom would intervene on Israel's behalf in the event of an Arab attack. The Israelis have in mind the treaty obligations which exist between the United Kingdom and some of the Arab states. The Israeli Note was couched in the context of the Anglo-Egyptian Agreement on the Suez Canal Base, which Agreement in the Israeli view had unfortunate shortcomings that left Israel in an exposed position. The United Kingdom reply did not go much beyond the Tripartite Statement but did express gratification about the absence of serious incidents in the last few weeks along the Arab-Israeli frontiers. The Israelis have been pressing for similar assurances from the United States in connection with the proposed programme of military aid for the Arabs. The Israeli efforts have been reflected in the public pronouncements of Zionist organisations in the United States. Mr. Comay has voiced similar views in Canada.

Economic Factors

23. Economic factors may in the end determine the future course of Arab-Israeli relations. Both the Israelis and the Arabs are suffering from the disruption of normal commercial relations in the area. The Israeli economy is greatly hampered by the Arab blockade and Israel would like to dispose of its excess industrial goods in Arab countries. The Arabs, in turn, would welcome an opportunity to sell oil and agricultural produce in Israeli markets. All the countries in the area are acutely aware of the need for economic development. All suffer the heavy burden of military spending. None of the countries, but particularly Israel, can ever flourish until peace has been established and the economic life of the area is permitted to develop freely. It is perhaps not too improbable, therefore, that the very urgency of the economic problems will ultimately prompt the nations concerned to strive harder to overcome their political differences.

SECTION B

ISRAËL : EXPORTATIONS D'ARMES
ISRAEL: EXPORT OF ARMS

DEA/50000-B-40

701.

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

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

SECRET [Ottawa], March 29, 1954

EXPORT OF ARMS TO ISRAEL — REQUEST FOR 10,000 ROUNDS OF 75 MM AMMUNITION

When this request was first received, it was referred for comment to the appropriate United Kingdom and United States authorities. We learned that the United Kingdom, without reference to the Arms Working Party, had agreed to provide Israel with 7,000 rounds. In the circumstances, the United Kingdom authorities expressed the hope that, if we decided to meet the Israel request, we would not provide more than 7,000 rounds, so that the total would not exceed 14,000 rounds. The United Kingdom attitude was apparently based on the probability that the ammunition would be used in tanks.

2. The United States authorities, who indicated that they would "not interpose any objection" to our filling the order for 10,000 rounds apparently based their thinking on the assumption that this ammunition would be used for field artillery. In the circumstances, our people in Washington were asked to discuss the question again with the State Department. The attached reply has just been received.† You will see that "while United States authorities would be just as happy if no 75 mm ammunition were to be sold to Israel, they did not believe that the quantities which we were considering would offer grounds for serious objection on their part."

3. In my memorandum to you of March 4,† I indicated that, unless very strong and convincing reasons were given why we should not permit the sale of the full amount of 10,000 rounds, it was not expected that we would recommend any reduction in the order. In the light of the attached letter from Washington, in which it is indicated that, within the range of 10,000 to 20,000 rounds, an export of this type of ammunition would not cause too much concern, and, in view of the fact that the United Kingdom is itself permitting the export of 7,000 rounds, there would not appear to be any substantial reason for refusing the original request for 10,000 rounds.

4. Because of the earlier U.K. suggestion that our order should be reduced to 7,000 rounds, I think that we would wish to consider further the question of the provision of an additional 5,000 rounds. At the present stage, I do not think that we

would necessarily recommend against the additional order, but we would like to have time to discuss the question with the J.I.B. and others concerned.[49]

R.A. M[ACKAY]

702.

DEA/50000-B-40

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

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

SECRET

[Ottawa], April 12, 1954

EXPORT OF ARMS TO ISRAEL

You will recall that Mr. Croll[50] and Mr. Comay called upon you recently to seek your approval for the sale and export to Israel of 15,000 rounds of 75 mm ammunition. In a memorandum dated March 29 you were informed of the United Kingdom Government's desire that approval should not be granted for anything more than 7500 rounds of this type of ammunition. You were also advised that the United States Government would probably not boggle at a quantity approaching 20,000 rounds.

2. In the event you approved the shipment of 10,000 rounds, and the Department of Trade and Commerce issued Permit No. 328881 on April 9 to cover this export, which is valued at $37,740.00. You also directed that further consideration be given to the question of permitting the supply of 5000 additional shells.

3. Accordingly, the C.R.O., was offered another opportunity to comment, and their reply has just been received. It is now attached for your consideration.† The main point of their argument appears to be that they themselves would not permit a similar sale on the grounds that the Israeli stocks of 75 mm Sherman tank ammunition are already adequate for their present needs and that further shipments would contribute to the building up of Israel's *offensive tank potential* beyond its present level. Obviously, this is a matter of judgment and we appear to be faced with the choice of accepting the United Kingdom opinion or that of Mr. Comay, who assures us that *anything* Israel can get from us is needed exclusively for legitimate defensive needs. It may be added that this attitude meets with considerable scepticism in the United States as well as in the United Kingdom.

4. Perhaps the safest and wisest course for us to follow in the present circumstances would be to postpone a final decision until the present tension in Palestine

[49] Note marginale :/Marginal note:
We should let the 10,000 rounds go forward and give consideration to the additional 5,000. L.B. P[earson]

[50] David Arnold Croll, sénateur (libéral), Sénat du Canada.
David Arnold Croll, Senator (Liberal), Senate of Canada.

abates, or until the Security Council disposes of the recent "incidents" on the Israel-Jordan border which it has under consideration.[51]

5. The subject of Israel's 'offensive tank potential' leads to the question of permitting the export of additional quantities of M-4 (Sherman) tank parts for Canada. I understand Mr. Riley has raised this matter with you on a couple of occasions recently, and that he called to discuss it this morning. Following his meeting he called on an officer of this Department, in accordance with your suggestion, and you may be interested to know what was said. It can be briefly summarized as follows:

It is, of course, Canada's desire to have close bonds of friendship with Israel, as with other countries in the Near East. For this reason the Government's policy on arms exports is not to stand in the way of anything that is required for maintaining or servicing Israel's existing stocks of military equipment, or which is required to meet Israel's legitimate defensive needs (e.g. ammunition, etc.). However, we have a general understanding with the Governments of the United Kingdom and United States (and France by implication) to respect the policy laid down in the Tripartite Declaration of May 25, 1950, about not contributing to a "sale of arms race" or an increase in the military power of any country in the area above its proper defensive levels. This understanding reflects Canada's interest in reducing the risk of serious unrest or conflict in that part of the world. We understand that Israel already has an adequate tank force to meet this requirement, and we regard it as reasonable for Israel to have an appropriate supply of maintenance parts for these tanks. It was emphasized that the decision you took last October 8 to permit the sale of $176,992.63 worth of M-4 tank parts was based on a judgment that that quantity was adequate to maintain Israel's *present* stock of tanks for about two years, on the scale of consumption applied to the Canadian forces in *peacetime*, assuming that Israel had no stockpiles of such parts already, and that they acquired none for two years from other sources. Given the obligation of the three powers (United States, United Kingdom, France) to maintain peace and stability in the area, and Canada's interest in not interfering with that objective, the Canadian Government would probably find it difficult and embarrassing to permit any further exports of M-4 tank parts to Israel, especially as that might expose Canada to criticism of disturbing the equilibrium of military power in the area in terms of tank forces, or adding to Israel's tank offensive potential.

R.A. MACKAY

[51] Pearson a accepté que soit remise la décision concernant la livraison de 5 000 cartouches.
Pearson agreed that the decision to supply the additional 5,000 rounds of ammunition be deferred.

703.

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX- 655

Ottawa, April 22, 1954

SECRET. IMPORTANT.

Reference: Your WA-2377 of October 19, 1953.
Repeat London No. 510 (Ref. My telegram 1765 of October 26/53).

SALE OF JET AIRCRAFT TO ISRAEL

As you may know, the Canadian Government (Department of Defence Production) has a Licence Agreement with North American Aviation Inc., the original producer of the F-86 Sabre jet aircraft. Canadair Limited was appointed by the Department of Defence Production to act as the Canadian Government's agent to manufacture Sabre jets under the foregoing Agreement, which contains a clause reading in part "subject to the prior written approval of the Manufacturer in respect of any particular country, or part thereof, to sell, lease, service and maintain the aeroplane in any part of the world."

2. Canadair has now been advised by North American Aviation Inc., that they are free to export F-86's, subject to the condition that none are sold to the United States or to any country not approved by the United States Department of State to receive F-86 aircraft from sources within the United States. This is covered by another part of the Licence Agreement which reads as follows: "The Canadian Government shall not during the term of this Agreement sell, lease or otherwise transfer the aeroplane into any territory for which the aeroplane has not been released by the Government of the United States of America."

3. The Department of Defence Production expects to receive formal confirmation from North American Aviation Inc., of their willingness to grant export privileges to Canadair under this Licence Agreement.

4. At the moment, there is a specific problem related to Israel. The facts are these: Shamir, the head of the Government of Israel Defence Ministry Purchasing Mission in New York, visited North American Aviation Inc., in Los Angeles on March 25, and requested a quotation on 24 F-86-F fighter-bomber aircraft. This request was discussed with North American's representative in Washington to determine the State Department's attitude towards such a sale. According to the Vice-President of North American Aviation, the Department of State was understood to be willing to give favourable consideration to an export licence, and he wrote to Mr. Shamir on April 14 indicating that his Company could not quote for this type of aircraft but the Canadair Company could. Moreover, the Israeli Air Attaché in Washington is said to have been promised by the U.S.A.R. a definite yes or no answer about the export of F-86's in the near future, and Mr. Shamir in turn has

indicated to Canadair that unless he receives a quotation by April 30, the Government of Israel will seek to obtain these aircraft elsewhere.

5. You will appreciate that the Department of Defence Production looks to us to let them know with the least possible delay whether:

(a) It is true that the State Department would now be willing to permit the sale of 24 F-86's to Israel, and

(b) In those circumstances, the Canadian Government would grant similar permission.

6. As a first step, therefore, please approach the State Department and let us know by next Tuesday or Wednesday, if possible, what the State Department's attitude is on this subject. We do not at this time want to raise the question of sales of F-86's to other Middle East countries but obviously that possibility should be borne in mind.

(For London only) In the light of the United Kingdom's agreement a year ago to sell 14 Meteor jets to Israel, we would appreciate learning whether they would offer any objections to a Canadian sale of 24 F-86's. You will, of course, appreciate that these preliminary enquiries are necessary before the subject can be brought to the attention of Cabinet.

DEA/50000-B-40

704.

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-724 Washington, April 26, 1954

SECRET. IMPORTANT.

Reference: Your telegram EX-655 of April 22.

SALE OF JET AIRCRAFT TO ISRAEL

On the basis of your telegram under reference we discussed the United States attitude towards the possible sale of jet aircraft to Israel with Margrave of the State Department's Office of Munitions Control on April 23.

2. He said that within the last two months Israeli representatives had approached the State Department with the firm offer of their government to get rid of all combat aircraft (mainly P-51's) which it presently had, if the United States would permit the export to Israel of twenty-four F-86 Sabre jets. The Israeli representatives said that Israel wished to standardize its air force equipment (i.e. to have only United States type equipment) and at the same time to modernize its air force. This would not involve an exchange of one for one but the sale or scrapping of *all* presently held combat aircraft for twenty-four sabre jets. A vaguer offer to enter into similar arrangements with respect to all heavy guns was also put forward.

3. It was for this reason and for this reason only that the Israeli request for jet fighter aircraft had not been turned down out of hand by the State Department. No final decision had been taken on the request although Margrave thought one would be taken within a week or ten days, and promised to inform us immediately. The State Department's attitude (and that of the Munitions Division in particular) is generally unfavourable and Margrave thought that the request would be turned down, attractive as it was in some of its features. He could not, however, be certain of rejection of the request.

4. Margrave told us that the State Department's negative attitude was based on the unreliability of Israeli promises. Whatever, therefore, has been said by the Vice-President of North American Aviation or by Shamir of the Israeli purchasing mission, as reported in Paragraph 4 of your telegram under reference. Margrave said that it is incorrect to say that any decision has been taken by the State Department. Incidentally the date of April 30 mentioned by Shamir as a final date for decision makes little impression on the State Department. The original Israeli approach set April 1 and then April 15 and finally April 30 as the "take it or leave it" date. Somewhat irreverently Margrave commented that the maxim "seek and ye shall find" had little relevance when really good jet aircraft were the object of the search.

5. We have not, in our more or less regular discussions on the export of arms with the Munitions Division, mentioned the potential surplus production capabilities of Canadair and the problems which it creates in disposal of F-86 jets. Our discussion on the specific Israeli interest offered a useful opportunity to raise the matter in very general terms. Margrave needed little prompting and spoke frankly of United States thinking on the sale of jet fighter aircraft abroad. The United States believed that there were many "worthy" markets for such aircraft (e.g. the NATO allies and South America) which did not involve the problems and risks posed by sale to the "inflammable" Middle East. So far as F-86's were concerned he said that the United States authorities would not be concerned whether they were sold from Canada or the United States so long as the customers were "acceptable". He said frankly that while certain questions of commercial advantage were sometimes present in United States-United Kingdom exchanges on such matters, they did not enter into United States thinking so far as Canada was concerned. He said that Canada enjoyed "unconditional most-favoured-nation thinking" in the export of arms so far as the United States was concerned. You will be in a better position than we to administer to this view what grains of salt are necessary. Margrave said he understood that North American Aviation was cutting back sharply on the production of F-86's and offered the "layman's opinion" that Canadair might soon be the best, if not the only, well-stocked source of supply for the aircraft.

6. In summary, it is not true that at the moment the State Department would give favourable consideration to the sale of F-86's to Israel. Furthermore it appears likely that when a final decision on the matter is taken it will be a negative decision.

7. Mr. Chappell who received separate advice from his department on this matter has seen this telegram. He agrees that there is no need at the moment for Mr. Redpath of Canadair to come to Washington to brief the Embassy on the commer-

cial aspects of the problem. Please pass a copy of this message to T.N. Beaupré, Assistant Deputy Minister, D.D.P.

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705.

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

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

TELEGRAM 430 London, April 27, 1954

SECRET. IMPORTANT.

Reference: Your telegram No. 510 of April 22 (received April 23).

EXPORT OF F-86'S TO ISRAEL

As Gautrey is on leave we passed on your enquiry to Curson, Head of the Defence Department of the CRO. He has now replied that the United Kingdom authorities hope very much that you will not proceed with this transaction.

2. Their principal argument is the general political one — that at this time it is more than ever necessary to preserve the existing balance of forces in the Middle East and to prevent either party to the Palestine dispute from building up a preponderance of war material and thus encouraging the development of an uncontrolled armaments race. It is considered here that taking into account efficiency of operation as well as size, the Israeli air force is at least a match for the combined air power of the Arab States and that the addition of 24 modern jet aircraft would give the Israelis an overwhelming superiority. The Foreign Office and the Ministry of Defence feel that in view of doubts as to the Israeli Government's capacity to resist internal pressure from the advocates of extreme action against Jordan in particular, it would be most unwise to run the risk involved in allowing this shipment. (In this connection it might be embarrassing if we sold the Israelis F-86's and, subsequently, aggression by Israel resulted in the United Kingdom going to Jordan's aid under the terms of the Anglo-Jordan Treaty. This may appear an extreme hypothesis but it cannot be entirely ruled out in view of the state of tension now prevailing along the Israel-Jordan border).

3. I should add that the United Kingdom's agreement to sell Meteor jets to Israel a year ago seems to me to have only a very tenuous bearing on the present enquiry. The offer of Meteors to Israel in September 1952 was not an isolated gesture. It was matched by a similar offer to each of three Arab States (Syria, Lebanon and Iraq). Apart from the obvious commercial considerations, it had a definite political purpose, e.g. an attempt to improve United Kingdom relations with the States concerned, and in particular to attract their co-operation in the establishment of MEDO. Moreover the scope and direction of the offers were carefully designed with a view to bringing the air power of the Arab States and Israel into rough balance. In the case of your present enquiry the circumstances seem to me to be

substantially different. The effect of selling 24 F-86's to Israel at this juncture would give that country a marked advantage in offensive air power in exchange for little or no apparent political gain, and at the risk of giving offence not only to the Arab Governments but also to the United Kingdom.

4. For these reasons we did not think it advisable to link the present enquiry with the 1952 sale of Meteors. We did, however, refer in passing to the more recent United Kingdom offer of 7 Meteor day fighters to Israel and 6 Meteor night fighters to Syria (see our letter No. 407 of February 26, 1954).† Curson's answer to this was:

(a) That the two offers balanced one another and were in any case small in quantity;

(b) That the original agreement to sell had been made before the Palestine situation had deteriorated to its present tense state;

(c) That the Israelis had not followed up the offer and that the United Kingdom Government hoped they would not revert to it;

(d) That F-86's were in any case more advanced and potent striking weapons than Meteors and that, as one of the governments primarily responsible for maintaining peace in the area, the United Kingdom would prefer that F-86's would not be made available to either party at this stage, and certainly not to the Israelis alone.

5. We did not feel free to discuss with Curson the possibility mentioned in paragraph 6 of your telegram of F-86 sales to other Middle East countries. We are inclined to think however that such sales would be opposed here unless possibly

(a) They involved very limited numbers of aircraft and

(b) They were arranged so as not to disturb the balance of air power as between Israel and the Arab States. But even this presupposes the dropping of the objection in sub-paragraph 4(d) above to any supply to Middle East countries of jet aircraft as far advanced in type as the F-86. I suppose there might also be some question whether the Arab States would be in a position to pay for such purchases from Canada.

6. Incidentally, Curson said he would be surprised if the United States authorities agreed to the sale of F-86's to Israel at this state. If the soundings in Washington show otherwise, we should be glad to raise the matter again here.

706.

DEA/50000-B-40

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

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-1132

SECRET

Ottawa, June 28, 1954

Reference: Your teletype WA-724 of April 26.

Repeat London No. 931.

SALE OF JET AIRCRAFT TO ISRAEL

On June 17 the Israeli Minister called to seek support for an application soon to be made to Canadair for twenty-four F-86's. He indicated that the Israeli Government feel that they are, in present circumstances, entitled to an air fighter defence of two squadrons, and that as they cannot match the Arab states in quantity, they have to rely solely on quality for their air defence. Their plans are for two squadrons, which they do not consider to be excessive, and which, if armed with short-range jet interceptors, could not be considered offensive in character. They feel that it would be useful for the common defence of the free world to have two F-86 squadrons based in Israel, and they are willing to give every assurance, official, on the highest level, that these planes will never be used for any purpose except defence.

2. Comay also indicated that the North American Aviation Company appears favourably inclined toward the sale of twenty-four Sabre jets to Israel.

3. In the light of the foregoing, please approach the State Department and ask whether a decision has yet been reached on the sale of twenty-four F-86's to Israel. In paragraph 3 of your WA-724 Margrave promised to inform us immediately and expected a decision within ten days.

4. For London only: Please let us know whether there has been any change in the United Kingdom attitude since your telegram No. 430 of April 27.

DEA/50000-B-40

707.

Note du sous-secrétaire d'État par intérim aux Affaires extérieures pour le secrétaire d'État aux Affaires extérieures[52]

Memorandum from Acting Under-Secretary of State for External Affairs to Secretary of State for External Affairs[52]

[Ottawa], June 30, 1954

SECRET

SALE OF JET AIRCRAFT TO ISRAEL

I attach a copy of teletype WA-1163 of June 29 from our Embassy in Washington from which you will see that the United States Government would not authorize the sale and export of twenty-four F-86 Sabre jets to Israel. This means, of course, that the Canadair Company would not be permitted to fill such an order, and in the circumstances I have prepared for your approval and signature a letter to Mr. Comay in this sense.

R.A. M[ACKAY]

[52] Note marginale :/Marginal note:
Sent from Min[inister's] Office 8-7-54. [R.A. MacKay]

[PIÈCE JOINTE/ENCLOSURE]

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1163

Washington, June 29, 1954

SECRET

Reference: Your telegram EX-1132 of June 28.

SALE OF JET AIRCRAFT TO ISRAEL

Margrave of the State Department's Office of Munitions Control told us that a few days ago the State Department informed Mr. Eban, the Israeli Ambassador to the United States, and his Service Attaché, Colonel Hertzog, that a permit would not be granted by the United States authorities for the export of any F-86 jet aircraft from the United States to Israel.

2. Margrave said that while all the "paper work" on this matter had not yet been completed, the State Department had taken an opportunity which presented itself naturally to transmit to the Israeli authorities a decision which in any case would have been taken soon when the written views of interested agencies were assembled.

3. Margrave said that the same assurances which you were given by Comay were offered to the United States authorities but had had no effect on their decision. Margrave said that a decision to supply Israel with jet aircraft at this time would have been completely contrary to basic United States policy towards Israel and the Middle East. Margrave said it was probably true that the North American Aviation Company was favourably inclined towards the sale of the F-86's to Israel but he added emphatically "the North American Aviation Company does not represent the United States Government".

708.

PCO

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

Memorandum from Secretary of State for External Affairs
to Cabinet

CABINET DOCUMENT NO. 160-54

Ottawa, July 7, 1954

SECRET

EXPORT OF TANK PARTS TO ISRAEL

About a year ago the Department of Trade and Commerce received an export permit application from the Levy Company covering $742,063 worth of Sherman

tank parts. Later, in September, a second application was submitted for $399,000 worth of steel track assemblies for Sherman tanks, also ordered by Israel.

As this equipment was of United States type, and indeed largely of United States origin, the State Department was consulted. At that time it was considered to be dangerous to the peace and stability of the Near East to permit Israel to acquire any more than a fraction of the total amount ordered, on the grounds that Israel might otherwise increase her offensive tank potential and disturb the balance of military power in the area. Accordingly, a shipment of only $176,992 worth of tank parts was allowed to go forward this January.

Recently, however, the United States authorities, at our request, reviewed the situation and came to the conclusion that it might now be reasonable to allow Israel to acquire about $1,440,000 worth of maintenance parts for her Sherman tank force per year (based roughly on the United States Army scale of consumption).

As it happened, the Levy Company's contract to supply the balance of the larger order of tank parts ($565,071) was due to expire on June 1, but was prolonged until June 25 by the Israeli Legation here in Ottawa, pending the outcome of the review mentioned above. On learning of the change in the attitude of the United States Government on the eve of the expiry date of the Levy Company's contract, I felt it would be in accordance with the wishes of Cabinet for me to authorize the granting of export permits accordingly, in order that some legitimate business might not be lost for no good reason. This I did, and I would now be grateful to have the sanction of Ministers, in accordance with the Cabinet directive on the Export of Arms dated January 21, 1954, for my approval of the export of

(i) $565,071 worth of M-4 tank parts

(ii) $399,000 worth of M-4 tank tracks,

deliveries to be spread as evenly as possible over a six month period so as not to arouse undue Arab anxieties.

A more recent Levy Company application of May 11 for $224,000 worth of Sherman tracks has also come before my Department. However, as approval of that quantity would, if added to supplies Israel has already acquired this year from other sources, bring the total of deliveries for 1954 over the amount reckoned safe by the State Department, I presume Ministers would agree to its being deferred.[53]

L.B. PEARSON

[53] Approuvé par le Cabinet le 13 juillet 1954/Approved by Cabinet, July 13, 1954.

709.

DEA/50000-B-40

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

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

SECRET

[Ottawa], September 9, 1954

EXPORT OF ARMS TO ISRAEL

Mr. Comay called on me yesterday to discuss the above subject, more particularly the order for 25-pounder guns. I pointed out to him that our information indicated that Israel already had 402 25-pounder or equivalent guns and that this far exceeded those held by her neighbours. Comay was skeptical of our figures and is going to send me their own version of the facts. He emphasized, however, that the order in question would not add to their existing holdings but would replace obsolescent or worn-out guns which they now possess. I pressed him for an assurance on this point, having regard to your skepticism concerning it and he told me that he would give me a written communication to the effect that every 25-pounder gun on their order would replace an existing weapon. This seems to me to alter the situation somewhat and may require a reconsideration of our attitude.

2. I am also worried about the United Kingdom policy of shipping 25-pounders to Israel, without informing us in advance, and then telling us later that "they have enough, so please do not send any more from Canada".

3. Mr. Comay was very depressed about the general situation in the Middle East and felt that Israel was being hard-pressed to maintain any kind of existence in view of the implacable hostility of its neighbours. They were having trouble enough holding back extremist elements and this difficulty would be increased by recent developments, more particularly the lifting of the United Kingdom arms embargo on Egypt and the new sympathy and support in Washington for the Arab States. I told him that I felt that the United Kingdom Government was wise and well-advised to make the arrangement with Egypt over the Suez area which has just been concluded, as it was a step in the direction of better relations and general pacification in that area. I also said that our opinion was that there was no possibility of the United Kingdom sending a vast quantity of arms to Egypt or the Arab States in the near future. Comay was not critical of British policy but emphasized that his Government could not help but be alarmed at the increasing military strength of countries who had declared often and bitterly their intention of destroying Israel. He also denied flatly and without qualification the American and British contention that Israel was already better armed than the Arab States and in a better position to defend itself.

4. I told Comay in conclusion that we would have another look at the 25-pounder question in the light of the subsequent information which he was going to secure for me.

L.B. P[EARSON]

710. DEA/50000-B-40

Note du chef de la Direction économique pour le sous-secrétaire d'État aux Affaires extérieures

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

TOP SECRET [Ottawa], September 16, 1954

SALE OF ARMS TO ISRAEL

You may wish to have my views on the attached memorandum from the Minister dated September 9.

2. As the Minister implied in his first paragraph, our objections to the sale of forty-eight 25 pdr. guns would fall away if we could be sure that those guns would not increase Israel's holdings, i.e., if every replaced gun were melted down for scrap or otherwise destroyed or resold abroad. If that were done, it would not matter to us whether our estimate of the Israeli holdings is accurate or not, because what we are concerned about is not how many guns they now have but rather that Canadian sales should not add to that number and thereby disturb the present precarious balance of power in the area. Of course, our wishes would not be met if the old guns were merely withdrawn from active service and placed in storage whence they could be reactivated at any time on short notice.

3. As you know, Mr. Comay has now sent a letter† to the Minister on this subject, confirming his earlier assurances that every 25 pdr. gun on their order would "replace" an existing weapon. There now seems to be no choice open to Cabinet but to approve the sale of the guns to Israel, for otherwise they would be in the position of appearing to cast doubt upon the integrity and good faith of the Israeli Government. Attached, therefore, are a memorandum for the Minister and a draft memorandum to Cabinet,† for your approval.

4. We would expect that, if Mr. Comay finds he has hit upon the right formula for obtaining military equipment from Canada, he will probably raise the question (brought up by Mr. Salmon informally last July in discussions with a member of the Economic Division) of fifty Sherman tanks, reputedly needed to replace an equal number of worn-out tanks. A similar offer was made to Mr. MacKay last April in respect of F-86 Sabre jet aircraft. We found it hard to believe that the Israeli military authorities would sincerely agree to scrap a whole squadron of fighters just to get twenty-four Sabre jets from us. It just didn't seem realistic.

5. At the time of the first approach of this nature (and our feelings have not changed) we drew attention on the one hand to the danger of relying entirely upon the honourable intentions of the Israeli Government in a situation such as that which now exists in the Middle East and on the other hand to the obvious and perhaps greater political disadvantages that would be entailed in any scheme involving our Embassy in Tel Aviv in an armament supervisory capacity.

6. Concerning the Minister's second paragraph, there is no defence we care to offer on behalf of the United Kingdom policy, to the inconsistencies of which the

Minister drew attention. Nevertheless, as they have sold no 25 pdrs. since the situation in Palestine took a turn for the worse a year ago, I do not think we could charge them with duplicity. As you may have seen from telegram No. 1124 of September 10 from Canada House (copy attached),† they have now forewarned us of a possible change in policy about sales of jet fighters because of the French sales of Mystères. This would seem to indicate that they are playing the game with us.

A.E. RITCHIE

711.

DEA/50000-B-40

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

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

SECRET

[Ottawa], October 18, 1954

EXPORT OF ARMS TO ISRAEL[54]

I attach for your approval and signature a memorandum to the Cabinet† concerning the Israeli request that Canada supply forty-eight 25-pounder guns and trailers.[55] The memorandum recommends that the sale of these guns be approved, if the Canadian supply considerations make it possible to release the equipment requested.

2. It occurs to me that some of your Cabinet colleagues may ask about the political implications of the export of these guns. In reply you may wish to refer to some or all of the following points:

(a) The political situation in the Middle East is complex and the full implications of the present order are not readily foreseen, because of the conflicting information received from parties to the disputes in the area and from friendly governments with their own interests there. The Departmental assessment of the situation is therefore not free from bias and doubt.

(b) In concert with other supplying countries among the Western democracies, Canada is anxious not to disturb the delicate balance of power in the Middle East. At the same time arms are being supplied, on a basis of equality as between Israel and the Arab countries, in order to fill a power vacuum in a sensitive spot in the cold war and to ensure to some extent the stability of the area.

(c) Recent developments have produced improvement in relations between the Arab states and the Western democracies. As a result some Arab states, notably Egypt and Iraq, are to receive additional military aid from the United States and some from the United Kingdom. The Israeli authorities have complained publicly that this additional supply of arms will jeopardize the position of Israel, since,

[54] Note marginale :/Marginal note:
Discussed at Cabinet.

[55] Approuvé par le Cabinet le 19 octobre 1954./Approved by Cabinet, October 19, 1954.

according to the Israelis, the Arabs have not abandoned their determination to destroy the Israeli state.

(d) At the same time, despite recurring outbreaks of violence and threatening undercurrents, there is room for hope that a slow but gradual easing of tension in Arab-Israeli relations is taking place. There is private resignation among enlightened Arabs that Israel has come to stay. The Israelis, for their part, have announced important concessions they are prepared to grant as regards the Palestinian refugees in Arab countries. General Burns has succeeded in restoring the prestige of the United Nations Truce Supervision Organization and persuaded the Israelis to resume cooperation with it.

(e) The Israelis may have been persuaded to make the aforementioned concessions because they felt safer. Their anxiety increases, however, when they see the Arabs growing in strength; the perceptible change in United States policy toward closer relations with the Arabs has produced that result. It might not, therefore, upset the balance of power but merely restore Israeli confidence, if the guns on order were to be supplied.

(f) These guns will increase the fire-power of the Israeli forces, because the guns will probably replace obsolete weapons. Taking into account the increased arms to be supplied to the Arab countries, however, the net effect may be to raise the scale of the supply of arms to the Middle East as a whole but to maintain the balance as between Israel and the Arab states.

J[ULES] L[ÉGER]

DEA/50000-B-40

712.

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1861 Washington, October 28, 1954

SECRET

Reference: Your teletype EX-1937 of October 22, 1954.†

EXPORT OF ARMS TO ISRAEL

We informed Margrave of the State Department's Office of Munitions Control of the decision, outlined in your telegram under reference, to allow the sale of 48 25-pounder guns and trailers to Israel in what was certainly not one of the easiest meetings we have had with a State Department official. Margrave said, among other things, that he was certain that United States authorities would regard it as "most unfortunate" that approval had been given for the sale to Israel of these items.

2. Since Margrave has been out of Washington on another mission for some weeks we took the opportunity to discuss the arms situation in the Middle East in

more general terms. When the discussion turned to Egypt we raised the point covered in paragraph 2 of your telegram under reference. Margrave denied flatly that it was the intention of the United States to provide Egypt with large quantities of military equipment now or in the future. He said that reports in the press on United States intentions with respect to the Arab states are completely out of balance and he suspected that they were in large part inspired by Israeli representatives or sympathizers.

3. The present situation so far as Egypt is concerned, Margrave said, was that the United States Government would give favourable consideration to any efforts made by the Egyptian Government to purchase commercially reasonable quantities of military equipment. It was impossible for the United States Government to accede to any requests for the supply of military equipment to Egypt on a government-to-government basis since there was no military aid agreement between the two countries. It was only correct to say that the United States Government was investigating the possibility of a military aid agreement with Egypt. So far, the Egyptian Government had not been willing to enter into such an agreement in the foreseeable future. (Economic aid was another matter and some progress had been made in this field).

4. Margrave went on to say that even if it did prove possible to negotiate a military aid agreement with Egypt it would cover a very moderate programme of military assistance. He pointed out that the military agreement made with Iraq had, in spite of the publicity given to it, covered only a small programme of military aid. Margrave said that so far as he was aware there had been no official announcements by the United States Government of its intentions with respect to the supply of military equipment to Egypt.

5. Margrave spoke at some length of the worries of the State Department over the apparently unending campaign of the Israeli Government to arm itself to the teeth. He said that recently, for example, Israel had attempted to buy a large number of thousand-pound bombs from the United Kingdom. He was sure we would realize the significance of such an order. In a country the size of Israel "there was scarcely enough room to drop a thousand-pound bomb for practice purposes". United States authorities thought this request had been scotched.

6. The State Department was exerting the greatest possible pressure to prevent the sale of the Mystère Jet aircraft which the French Government has undertaken to supply to Israel (London's telegram No. 1325 of October 20).† The State Department was still hopeful that it might be possible to prevent this sale. Margrave said that an opinion did exist within the United States military that Israel might be preparing to seize some points in neighbouring Arab states. He stressed that this was *not*, as yet, a view held by the United States Government. Interested officials, however, did not rule out the possibility that Israel's frantic efforts to add continually to its military stock-pile might lead to aggressive action by Israel in the not too distant future.

7. Margrave said finally that United States policy on the supply of arms to Israel had not changed and that any decisions taken by the United States Government to permit a moderate increase in the supply of arms to the Arab states would arise

from its belief that the imbalance of armed strength in the Middle East in favour of Israel should be redressed.

4e PARTIE/PART 4

EXPORTATION DE MATÉRIEL MILITAIRE
EXPORT OF MILITARY EQUIPMENT

PCO

713.

Note du ministre du Commerce pour le Cabinet

Memorandum from Minister of Trade and Commerce to Cabinet

CABINET DOCUMENT NO. 55-54 Ottawa, January 21, 1954

SECRET

CONTROL OVER THE EXPORT OF MILITARY EQUIPMENT

The Export and Import Permits Act, 1947, confers on the Minister of Trade and Commerce authority to issue export permits. In accordance with precedents that have become established and pursuant to a number of Cabinet decisions made between 1946 and 1949, the Secretary of State for External Affairs, and in some cases, the Minister of National Defence, is consulted with respect to proposed exports of military equipment. Where the phrase "military equipment" occurs in this memorandum it should be taken to refer to the equipment defined in Group 8, Schedule 2 of the Export and Import Permits Act.

2. Experience over the past years has shown that, in carrying out the procedures for interdepartmental consultation, certain routine delays are unavoidable. At times, however, these delays have led to undesirable results, such as the cancellation of orders. Prompt service is vital to legitimate commercial interests, especially in the case of exports of equipment having civilian as well as military uses (e.g. civilian aircraft and parts, vehicle, train, and radio parts, used military apparel) consigned to civilian consumers in friendly countries. Moreover, in contrast with conditions obtaining just after the war, it would no longer appear necessary for the Department of External Affairs to be consulted about the political implications of proposed shipments of military equipment to the Governments of Commonwealth countries (except India, Pakistan and Ceylon) or to our NATO allies and their dependent territories (with the exceptions listed in sub-paragraph 3 (f)) if the Departments of Trade and Commerce and National Defence are satisfied about considerations of supply and security (i.e. degree of classification of the military equipment, etc.) and about safeguards against unauthorized diversions. There would normally be no reason on political grounds for refusing export permits for shipments of military equipment to those countries.

3. In the present circumstances, it is considered desirable to consolidate the various Cabinet decisions taken in the past, and to revise and simply the procedures for interdepartmental consultation on arms exports. Accordingly, the Minister of Trade and Commerce, with the concurrence of the Secretary of State for External Affairs and the Minister of National Defence, has the honour to recommend as follows:

(a) Whenever the Security Council (or the General Assembly) declares an embargo on shipments of military equipment to any country, export permits will not be granted for such shipments to that country until the embargo is lifted;

(b) Export permits are not required under the Act for shipments to the United States if that is the country of final destination. Similarly the United States does not require export permits for shipments to Canada when this is the country of ultimate destination. It is, therefore, in Canada's interest to preserve our freedom to import military equipment from the United States without permits, and this implies a need on our part to bear in mind the United States Government's policy on arms exports when considering proposed shipments of military equipment, especially when it is of United States type or origin;

(c) The Secretary of State for External Affairs should always refuse permits for shipments of military equipment to communist controlled areas other than Yugoslavia;

(d) In general, export permits will not normally be granted except with Cabinet's approval;

(i) for shipments of military equipment to areas (other than Indo-China and Malaya) of political unrest or local conflict. Under this heading would be included areas where hostilities are in progress or appear to be imminent, or where shipments of military equipment might contribute to an increase in local unrest and tension;

(ii) for shipments of military equipment, or significant quantities of strategic goods used in producing or maintaining such equipment, consigned to the Chinese Nationalist Armed Forces;

(e) Export permits will not normally be granted for shipments to any countries of equipment intended for military use unless the recipient country's Government has approved the transaction and has, if requested to do so, given appropriate assurances that the military equipment will not be re-exported without permission from the Canadian Government;

(f) The Minister of Trade and Commerce will not normally consult the Secretary of State for External Affairs about exports of military equipment to

(i) the United States, the United Kingdom, Australia, New Zealand, the Union of South Africa and their dependent territories (except Hong Kong and Malaya);

(ii) member countries of NATO not included in 3 (f)(i) and their dependent territories (except Indo-China, Macao, Morocco and Tunisia);

(iii) NATO commands;

(iv) Canadian forces outside Canada;

(v) Canadian airlines for use at their bases abroad, such as the TCA base at Shannon, Ireland;

(g) The Minister of Trade and Commerce will normally consult the Secretary of State for External Affairs and the Minister of National Defence concerning applications to export to any destination other than those listed in (f) above items in Group 8 Schedule 2 of the Act when they appear to be intended for military uses in the importing country.

(h) The Minister of Trade and Commerce will normally consult with the Secretary of State for External Affairs and with the Minister of National Defence concerning applications for permits to export military equipment to destinations in areas that are, by agreement between the three Ministers, regarded as politically sensitive. For example, the following areas would at the present time come under this heading:

Japan
Korea
Taiwan
Macao
The Philippines
Indo-China
Thailand
Malaya
Indonesia
Burma
Ceylon
Pakistan
India
Afghanistan
Iran
Iraq
Nepal
Saudi-Arabia
Syria
Jordan
Lebanon
Israel
Egypt
Tunisia
Morocco
Libya
Spain
Guatemala
Germany
Austria
Sweden
Finland
Yugoslavia
Free Territory of Trieste
Hong Kong

This list would be kept under constant review and would be modified as often as necessary by agreement between the three Ministers.

(i) The Minister of Trade and Commerce may at his discretion consult with the Secretary of State for External Affairs and the Minister of National Defence about proposed shipments to any destinations of strategic materials not listed in Group 8 Schedule 2 of the Act;

(j) Within the framework of the policy outlined above, the Secretary of State for External Affairs shall, at his discretion, deal with the export permit applications referred to him without further reference to Cabinet except where new questions of policy or important political considerations are involved.[56]

C.D. HOWE

Concurred in:

L.B. PEARSON
Secretary of State for External Affairs

BROOKE CLAXTON
Minister of National Defence

[56] Approuvé par le Cabinet le 10 mars 1954./Approved by Cabinet, March 10, 1954.

CHAPITRE VII/CHAPTER VII
EXTRÊME-ORIENT
FAR EAST

PREMIÈRE PARTIE/PART 1
INDOCHINE
INDOCHINA

SECTION A

ÉTABLISSEMENT DES COMMISSIONS INTERNATIONALES DE SURVEILLANCE ET DE CONTRÔLE
ESTABLISHMENT OF THE INTERNATIONAL COMMISSIONS FOR SUPERVISION AND CONTROL

DEA/50052-40

714.

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

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

SECRET

[Ottawa], April 13, 1954

UNITED STATES PROPOSAL FOR UNITED ACTION IN SOUTHEAST ASIA

You may wish to use the following notes in discussing in Cabinet the United States proposal for United Action in Southeast Asia.

United States Approaches

2. In a public address on March 29 Mr. Dulles called for "united action" to keep Southeast Asia from falling under Communist control.[1] Beginning on April 2, Mr. Dulles called in turn the French, British, Australian, New Zealand, Philippine and Thailand Ambassadors, told them of the United States appreciation of the critical importance for Southeast Asian security of holding on in Indochina and asked that these governments and those of the three Associated States join the United States in a 10-power defensive grouping apparently somewhat on the NATO pattern within the reserved right of regional defence stipulated by Article 51 of the United Nations Charter. The "united action" which these countries would agree upon would be to cooperate in preventing the further over-running of Southeast Asia by Communism. Mr. Dulles does not appear to have formulated a precise written proposal.

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[1] Voir/See United States, Department of State, *Bulletin*, Volume XXX, No. 772, April 12, 1954, pp. 539-542.

3. From accounts which we have received from our Missions in London, Canberra and Wellington it would appear that Mr. Dulles asked that consideration be given to issuing a declaration which would:

(a) warn Communist China against further intervention in the war in Indochina;

(b) affirm their united intention to prevent Indochina from falling under Communist domination;

(c) express their resolution to check further Communist aggression in Southeast Asia.

In addition, the United Kingdom, Australia and New Zealand were asked if they would be prepared to make available sea and air forces, but not ground forces, for prompt use in Indochina. They were also asked to stimulate French morale.

4. On April 7 Mr. Dulles informed Mr. Heeney about the United States proposals because "the United States regarded us as a Pacific as well as an Atlantic power and knew of our interest in the security of the whole area." He did not suggest any Canadian contribution or aid nor did he suggest Canadian membership.

United States Objectives

5. Some of the purposes of the U.S. proposal seem to be these:

(a) to strengthen the French will to continue the fight in Indochina;

(b) to prevent a French cave-in at Geneva;

(c) to prepare U.S. public opinion for the possibility of increased intervention in Indochina;

(d) to provide a framework within which the French would be obliged to accept United States military advice as well as military matériel for the war in Indochina;

(e) to put pressure on the French to grant real independence to Laos, Cambodia and Vietnam so as to ensure support for collective action from all the proposed participants of the association;

(f) to prevent the outflanking of the United States defensive positions in the Western Pacific;

(g) to prevent the Southeast Asia rice bowl from falling under Communist control.

Australian Reactions

6. Mr. Casey told our High Commissioner on April 7 that the Australian Government does not want to give the United States the impression that they are dragging their feet on proposals for security arrangements in the Southeast Asia area in which Australia has a vital concern. Nevertheless, the Government is reluctant to commit itself:

(a) to any military action;

(b) to what might be considered a defense of French colonialism;

(c) to action on any other basis than through the United Nations.

Mr. Casey stated publicly in Parliament that day that "Australia cannot but welcome this American interest in preserving the security and independence of the nations of the Southeast Asia area and the South Pacific." He considered that reference to the United Nations would require careful study. Dr. Evatt replied that he

took "the view that the situation in Indochina does demand intervention by the United Nations and that it has long since ceased to be a question of internal or domestic jurisdiction."

The Australians have since then made strong representations to the French in Paris concerning their interest in seeing that the Communist threat to Indochina and Southeast Asia is resisted. The French replied that they had no intention of giving up the battle or agreeing to a ceasefire unless safe and reasonable terms were arranged in the negotiations at Geneva.

New Zealand Attitude

7. The New Zealand Government has taken a very cautious attitude. While reluctant to disappoint United States hopes, they are likely to fall back on their traditional practice of going along with United Kingdom and Australian thinking concerning crises of common concern. In view of their difficulty in maintaining a full artillery battalion in Korea they are not likely to wish to assume additional military commitments.

French Attitude

8. There has been no full statement of the French reaction to Mr. Dulles' proposal. The French feel that this move should strengthen their bargaining position with the Communists at Geneva. They see many difficulties in the proposal. For the present they consider that the effort should be centred on the defence of Dien Bien Phu.

United Kingdom Attitude

9. The United Kingdom Government is sympathetic to the long-term objectives implied in the Dulles initiative. They doubt if a declaration should be made before the Geneva Conference as it might give the appearance that our side was not prepared to negotiate a settlement. They have misgivings about any warning declaration addressed to the Chinese Communists at this time. They consider that there would be a great difference between in effect ordering the Chinese Communists to stop giving undefined aid as they are at present giving in Indochina and taking action to prevent the Chinese breaking any agreement they might make in Geneva. They dislike any suggestions for bombarding the China coast or threats to do so. They suggest that a declaration would be more appropriate after the Geneva Conference, either to guarantee the settlement reached there or based on the failure to reach a settlement.

Following consultations between Mr. Dulles and Mr. Eden in London on April 12, a joint announcement is being made expressing concern over the threat to peace and security in Southeast Asia created by the activities of Communist forces in Indochina and expressing readiness to take part with other countries, particularly concerned, in an examination of the possibility of establishing a collective defence system in Southeast Asia within the framework of the United Nations Charter.[2]

[2] Voir/See United States, Department of State, *Bulletin*, Volume XXX, No. 774, April 26, 1954, p. 622.

Indian Attitude

10. No statement of Indian views on the United States proposal as yet. However, it is quite possible that this subject will come up for discussion at the meeting of South Asian Prime Ministers at Colombo on April 28. India will probably regard this initiative as a further cutting into the area in which it hoped that a measure of neutrality might be preserved.

Canadian Attitude

11. A number of approaches to this problem are suggested in the following paragraphs:

(a) *United Nations Aspect.* Canada could not be committed to action in Indochina or Southeast Asia unless the United Nations were seized of the problem. The Warning Declaration issued at the time of the Armistice in Korea in July 1953 does not commit us to take action.[3] It may be that Canada could make a helpful contribution by exploring with other governments concerned ways in which United Nations might be brought into Indochina, possibly by sending an observation commission as in the Balkans.

(b) *Pacific Security Pact Aspect.* It will be desirable to bear in mind public statements of the Canadian position in respect to proposals for a Pacific Security Pact. The proposed grouping seems to be a regional one for Southeast Asia and the Southwest Pacific. Canada has not been asked to participate. The United States is not likely to propose broadening the membership at this time as this would bring in the difficult problems of Chinese Nationalist and Japanese membership.

(c) *SEA Regional Security Aspect.* Last year it was decided that Canada should not seek to participate closely in the work of the Five Power Staff Agency charged with the study of strategy and the organization of security in South-east Asia. It would be consistent for us to indicate that we have no immediate interest in any proposed regional military coordination arrangements that might arise from the Dulles proposal, but would be glad to be kept generally informed.

(d) *NATO Aspect.* About a year and a half ago NATO officially took cognizance of France's heavy commitments in Indochina. It might be appropriate for the Council to review the Indochina situation again in the light of more recent developments. It is possible that the United States, France or the United Kingdom might raise this subject at the forthcoming Council meeting.

(e) *Canadian Arms Aid Aspect.* If it is considered that some display of Canadian concern should be shown one suggestion that might be considered is removal of restrictions on the shipment to Indochina of military matériel supplied France under the Mutual Aid Act which is now supposed to be used only in the NAT area.[4]

R.A. M[ACKAY]

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[3] Pour la Warning Declaration, voir/For the Warning Declaration, see *Survey of International Affairs 1953*, London: Oxford University Press - Royal Institute of International Affairs, 1956, p. 213. Voir aussi/See also Volume 19, Document 129.

[4] Voir/See Volume 18, Document 461.

715. DEA/50052-40

Note de la Direction du Commonwealth pour le sous-secrétaire d'État par intérim aux Affaires extérieures

Memorandum from Commonwealth Division to Acting Under-Secretary of State for External Affairs

CONFIDENTIAL [Ottawa], April 13, 1954

UNITED STATES INITIATIVE ON INDO-CHINA

I would like to suggest that, when our attitude toward the current United States initiative on Indochina is being studied, consideration might be given to the probable attitude of India and some other Asian countries.

2. As you know, it has been understood for some time between the Indians and ourselves that, when considering Asian questions which are important to India, we will try to take into account the Indian point of view. Our attitude during the past few years, on such question as Korea and communism in Asia has increased Indian confidence in Canada as a country which, while sharing the interests of the West, understands and values the Asian point of view. In spite of Mr. Krishna Menon's acerbic judgments, I doubt if our difference with India over the convening of the Assembly to deal with Korea,[5] or our attitude toward United States military aid to Pakistan,[6] has seriously diminished this confidence. It is clear, too, that in India the Prime Minister, while he praised the qualities of the American people and defended the motives of the United States Government, at the same time impressed Indians with the sympathetic and constructive nature of the Canadian approach to a number of Asian problems.

3. One of these problems was the question of Indochina. The Prime Minister's ready support of Mr. Nehru's appeal for a cease fire greatly pleased the Indians and left the impression that Canada favours the plan to attempt a negotiated settlement at Geneva.[7] I realize that, both before Mr. Dulles made his recent statements and since that time, we have made it clear that the Indochinese problem is not one in which we are immediately concerned; and, of course, the Prime Minister's views on Indochina were not deliberately stated but were made in response to questions at a press conference. Nevertheless, if we were to associate ourselves with an arrangement which the Indians might feel would remove any chance of success at Geneva, or which they would regard as likely to prolong the war and increase the danger of further outside participation, we might forfeit some of the Indian goodwill which the Prime Minister's remarks created.

2. Perhaps we should also consider the extent to which we would wish to appear to underwrite broad United States aims in Asia. If, as James Reston suggested in the *New York Times* on March 30, Mr. Dulles' proposals are part of a broader United States effort to make Mr. Nehru and some other Asian leaders realize the

[5] Voir/See Documents 3, 4.
[6] Voir/See Documents 431-434.
[7] Voir/See *Globe and Mail*, February 25, 1954.

threat of expansionist communism and "get off the fence", the proposals would seriously disturb these leaders. While United States military aid to Pakistan had a special sting for the Indians because of Indo-Pakistan relations, the suggestion that it was partly calculated to bring India into line also troubled the Indians. Mr. Nehru, it seems, has not accepted this interpretation, but many influential Indians have. Relations between the United States and India, if the United States should think it worth while to make the effort, would recover a good deal of their former cordiality; I think there is now some danger of a further setback as a result of the present United States initiative on Indochina.

3. Perhaps this is a consideration which we would wish to have in mind when formulating our own attitude toward the United States proposals. The Prime Minister's defense of the United States in India was on general grounds and even his comments on United States military aid to Pakistan fell short of expressing a judgment on the merits of this move.[8] Maintenance of our present non-committal attitude on the Dulles proposals for Indochina could be consistent with this general approach toward United States policy: I would hope that we would not find it necessary to go further. Indeed, while we could hardly be expected to interfere with any defensive arrangements which countries with interests in South-East Asia should see fit to make under United States leadership, the distaste we have often displayed for an indiscriminate crusade against communism in Asia, and the broad sympathy the Prime Minister displayed in Asia for moves designed to pacify the area, might well lead the Indians to except us to speak out against such doubtful appeals as that of Mr. Dulles for united action against the introduction of communism into Indochina "by whatever means."

4. The possibility of another public airing of United States and Indian differences over Asian security is increased by the fact that, at about the time the Geneva Conference opens, the Prime Ministers of India, Pakistan, Ceylon, Indonesia and Burma will be holding a conference in Colombo. The extent to which United States proposals on Indochina draw fire at this conference will no doubt depend partly on the nature of the arrangements which are ultimately worked out. The presence of Pakistan at the conference and the fact that it has evidently been agreed that any questions with respect to which serious differences exist among the participants will not be discussed, may help to prevent any extreme reaction of a joint character against the United States initiative.

5. However, Mr. Nehru has already made it clear that he intends to make an effort at the conference to encourage Asian countries to use their influence to ameliorate the conflict between communist and anti-communist countries, in the hope that the chances of general war may be lessened. The present atmosphere is such that an effort of this kind might be inevitably directed more against the United States than against the communist countries. United States hydrogen bomb explosions in the Pacific have upset Asian opinion in a way that Russian explosions have not; and with respect to Indochina, the communists have so far done nothing to disturb Asians except to step up their offensive, whereas the Americans are being accused

[8] Voir/See Document 440.

(at least by the Russians) of planning to circumvent the Geneva negotiations and to prolong the war. Moreover, India and other Asian "neutrals" have been excluded from the Geneva Conference. Under these circumstances it would be remarkable if the Colombo Conference did not give rise to some expressions of anxiety about Western policy.

6. Against this it is necessary to keep in mind that so far we have heard of no strong Indian reaction to Mr. Dulles' Indochina proposals, that the Indian Government (perhaps as distinct from the Indian public) is probably already conditioned to expect very little from the Geneva Conference, and that Mr. Nehru's concern is not to promote anti-Americanism in Asia but rather to avert an all-out conflict in Asia between the communists and those opposed to them. Until the precise nature of Mr. Dulles' proposals become clearer it will be difficult to assess the Indian reaction accurately; and so far as we are without benefit of advise from New Delhi on this point.

7. As I understand the question of an attitude toward Mr. Dulles' proposals is now being studied I feel I should nevertheless suggest that consideration be given to the above points. This memorandum is not, of course, intended to do more than assess the problem from the point of view of our relations with India and like-minded Asian countries. To sum up, if Mr. Dulles' proposals result in nothing more than a stiffening of the French will to fight on *if necessary*, and to avoid any disastrous concessions at Geneva, a non-committal attitude on our part would probably do no damage to these relations, particularly if the French were also to concede full sovereignty to the Associated States. If something more than this should result from Mr. Dulles' proposals an ideal course, from the point of view of our relations with India, would be some sort of effort, either at Geneva or otherwise, to advise the Americans against the undesirable effects of a policy based on adamantine opposition to communism wherever it appears, or has already appeared, in Asia. In this case I would suggest that the very least we should do to preserve the confidence of the "uncommitted" Asian countries would be to maintain a non-committal attitude.[9]

[9] Note marginale :/Marginal note:
I gave the original to the Minister to take with him [to Geneva] 19/4/54 R.A. M[acKay]

716.

DEA/50052-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 130

New Delhi, April 15, 1954

SECRET. IMMEDIATE.

GENEVA CONFERENCE

On 14th April, Krishna Menon called on me for an hour's talk. He had, previously that day, had similar talks with French diplomats and the United Kingdom and Australian High Commissioners. I have subsequently compared notes with the first two. Menon said he was making his call at the request of the Prime Minister and that the Prime Minister would probably make a public statement next week on Indo-China in which he would not, repeat not, put forward a final solution but would attempt to make constructive suggestions on how a solution might be reached. The French were told the statement would not be aimed against them. The British think the Prime Minister will state India's firm opposition to the proposal for "united action" and the creation of a Pacific security organization. Menon hopes to let us have in advance a summary of the statement.

2. It seems clear that India is deeply disturbed by recent developments. The bomb explosion and the Dulles threat are interpreted here as indicating that the United States is not willing at this time to seek a peaceful solution of the Indo-Chinese problem.[10] The Indians think that the Chinese will not overawed by the threat but will match increased western assistance to Vietnam with increased Chinese assistance to Viet-Minh with the consequent risk of an intensification and extension of the fighting. Many arguments they used against the United States military assistance to Pakistan apply in their mind with even greater force to the proposed Pacific security organization: the return of western domination to Asia thinly disguised as an alliance between the western countries and two or three Asian satellites; the shrinkage of the peace area; the risk of provoking dangerous Soviet and Chinese counter-measures. The Indians have never denied that their national security would be endangered by Chinese domination of South-East Asia but they consider [it unlikely] that the Chinese wish to go in for military adventures in that area and that the way to prevent domination is to give independence and economic assistance.

3. It seems to me that the main subject discussion at the Colombo Conference of the Five Prime Ministers may be developments in Indo-China. Perhaps India will seek support for whatever statement the Prime Minister makes next week.

[10] Voir/See United States, Department of State, *Bulletin*, Volume XXX, No. 773, April 19, 1954, pp. 582-583.

4. The Indian Ministry of External Affairs state that they have received no indication of what proposals for settlement in Korea and Indo-China the Chinese are likely to make at Geneva. My impression, which is shared by my United Kingdom and French colleagues, is that this is in fact the case. One of Thimayya's senior advisers in Korea considers that the Chinese will open the discussions on Korea with a violent attack on the United States for the release of prisoners and for facilitating their conscription by Formosa and South Korea.

DEA/50052-40

717.

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-674 Washington, April 17, 1954

SECRET. IMMEDIATE.

Repeat London No. 46.

INDO-CHINA: DULLES PROPOSALS

This morning, April 17th, the Australian and New Zealand Ambassadors and I were asked to see the Under-Secretary of State to hear from him a report of the Secretary's conversations in London and Paris. Livingston Merchant who accompanied Mr. Dulles, was with Bedell Smith, and I have just returned after an hour with them.

2. Merchant gave the account of the meetings. He began by saying that the Secretary was "extremely satisfied" with the results of his talks with both Mr. Eden and M. Bidault. In particular Dulles had been able to correct the impression (which had existed in certain quarters) that what the United States Government had in mind was some sort of an "ultimatum" to Communist China.

3. Dulles had explained to Eden the United States appreciation of the grave military situation in Indo-China. The British had been inclined to regard the local situation with less apprehension, but Merchant thought that they were convinced on this point.

4. In any event, after these preliminary explanations, the United Kingdom Government quickly accepted the proposal that immediate consideration be given to some form of association by the nations immediately concerned in Southeast Asia, with the object of preventing further Communist encroachments. Apparently there was no disposition in London (nor in Paris) to dispute the general American proposition that the fall of Indo-China would endanger the position not only in Southeast Asia, but eventually in Asia as a whole. The suggestion for something approaching a "Southeast Asian NATO" came from the United Kingdom.

5. In Paris, Dulles also found a sympathetic response from Bidault to the proposition that collective action was called for. And Bidault (whom the Americans found

to be calm and determined) agreed that conversations between the governments directly concerned should get under way immediately. In fact it was agreed that a Working Group should be set up in Washington, and Spender told me this morning that they are to begin their work on Tuesday next, April 20th.

6. There was apparently no suggestion in London or Paris that any "declaration" should be made. The communiqués issued in each place were very carefully considered and the form of any association of Southeast Asian powers which may emerge is still imprecise.[11] There is, however, no doubt that the Americans are looking to military undertakings from their associates. But in this respect I believe that no (repeat no) commitments have yet been made.

7. Bedell Smith admitted frankly that the "colonial" aspect of the struggle in Indo-China constituted a serious problem, particularly in terms of world opinion. Laos is apparently satisfied to remain within the French Union on conditions now agreed. No settlement has yet been made, however, with respect to Viet Nam and Cambodia. Bidault assured Dulles that these governments would be given freedom of choice. All of us agreed that the French would have to take early steps to set at rest the prevalent suspicion that they were unwilling to let go. You may expect this aspect of the situation to be in the forefront of the discussions in Washington.

8. There was, I think, no significance to the fact that I was asked to attend with Spender and Munro this morning, other than merely to save time for all concerned. In any event I was able to slip in several second persons plural (referring to those who would participate in the proposed Regional Group) without making a point of the distinction in the Canadian role at this morning's meeting.

9. I shall send a separate message concerning the Geneva Conference.†

718.

DEA/50052-40

L'ambassadeur en France
au secrétaire d'État aux Affaires extérieures

Ambassador in France
to Secretary of State for External Affairs

TELEGRAM 181

Paris, April 24, 1954

TOP SECRET. MOST IMMEDIATE.

Repeat London No. 50; Washington No. 25.

INDO-CHINA

Following from the Minister, Begins: The Prime Minister should be informed as soon as possible of the following important developments.

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[11] Pour les deux communiqués, voir/For the two communiqués, see *Documents on International Affairs 1954*, London: Oxford University Press - Royal Institute of International Affairs, 1957, pp. 122-123 (Paris) et/and 145-146 (London).

2. With Casey I had a talk this morning (April 24) with Eden, who was very worried about Indo-Chinese developments. This afternoon he, Eden, saw Dulles and Admiral Radford, who told him that the situation in Indo-China had deteriorated at Dien Bien Phu and would likely soon deteriorate elsewhere to a point that it could only be saved by United States intervention, in which they hoped the United Kingdom would join. They had drafted a letter in which the French would request such intervention which would take the form of air action against Communist lines of communication to Dien Bien Phu, and, if necessary, communications in China itself. They hoped the United Kingdom could join in such air action. A staff mission might also move into the Delta Area, merely to advise and invigorate, by strong direction, Vietnam and French operations there.

3. Eden said that the United Kingdom had no air forces in the area which might be used but, in any event, he had the gravest doubts as to the wisdom and effectiveness of any such intervention, especially on the eve of the Geneva and Colombo Conferences. He also refused flatly to accept a viewpoint of Dulles that the recent London declaration committed the United Kingdom to co-operate.

4. Eden and his advisors here feel that the proposed intervention would not save the situation in Indo-China but might, on the other hand, provoke strong retaliation by the Chinese on the ground. They were not reassured by Radford's assurance that American intelligence reports indicated that such a Chinese reaction was unlikely.

5. Later Eden and Dulles saw Bidault, who, while doubtful of the United States appreciation and proposed action, was inclined to be non-committal as he was not sure of the views of his colleagues, except Laniel, whom he felt would not be likely to welcome the United States proposal.

6. Mr. Eden has now flown to London to consult Sir Winston Churchill and will go from there to Geneva tomorrow evening.

7. Denis Allen of the Foreign Office, for Mr. Eden, has given me the above information, and said the Foreign Secretary would welcome my views.

8. I said that my first reaction was the same as that of Mr. Eden, that the proposal seemed unwise, not likely to accomplish the purpose desired, and might, indeed, misfire with disastrous results. I hoped that the Americans would have second thoughts. I added that it would be deplorable if the United States decided to "go it alone", and if an open and deep disagreement developed on an issue so explosive with consequences so far-reaching.

9. I hope that Sir Winston Churchill will be willing and able to get in touch with President Eisenhower direct, as a result of which the situation might become less dangerous than it seems to be at the moment.

10. Casey's views are similar to mine.

11. I am leaving for Geneva in the morning and hope to see Eden and the Americans there tomorrow evening. Ends.

719.

DEA/50052-40

Le secrétaire d'État aux Affaires extérieures
au délégué permanent auprès de l'Office européen des Nations Unies

Secretary of State for External Affairs
to Permanent Delegate to European Office of United Nations

TELEGRAM 3

Ottawa, April 25, 1954

TOP SECRET. IMMEDIATE.

Reference: Paris telegram No. 181 of April 24. London telegram repeat Geneva as No. 14 April 25.†
Repeat London No. 525; Washington EX-669.

INDO-CHINA

Following for Minister from Acting Under-Secretary, Begins: The Prime Minister has seen above telegrams also Earnscliffe telegram giving summary of conclusions of today's meeting of United Kingdom Cabinet in which United Kingdom expressed hope that we would support their position. The news in these telegrams is most disturbing.

The Prime Minister wishes you to know that we share all the United Kingdom's misgivings. He instructed me to say that our position however remains unchanged. We are not now committed to anything in respect of Indo-China so can take no responsibility about decisions. The Prime Minister appreciates the difficulties of your position but feels our statements in Parliament cannot be disregarded and he is not prepared to recommend to Parliament now that any commitments about that area be undertaken.[12] Ends.

720.

DEA/50052-40

La délégation à la Conférence sur la Corée à Genève
au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea
to Secretary of State for External Affairs

TELEGRAM 1

Geneva, April 26, 1954

TOP SECRET. MOST IMMEDIATE.

Reference: My telegram [181] sent Sunday morning April 25 from Paris.
Repeat London No. 1.

[12] Voir Canada, Chambre des Communes, *Débats*, 1953-54, volume III, p. 3411; volume IV, pp. 3522, 3529 et 4081./See Canada, House of Commons, *Debates*, 1953-54, Volume III, p. 3218; Volume IV, pp. 3327, 3333 and 3853.

INDO-CHINA

On arrival at Geneva I saw Casey, who earlier in the day had a talk with Dulles, and Walter Robertson, the result of which was somewhat surprising in view of the report we had received about Dulles' Saturday discussion with Eden which has already been reported to you. Casey had sent a report of that earlier discussion to his government along the lines of mine so he was surprised and confused to hear Dulles say yesterday that the request for 'massive air strikes' had come from the French and that before the United States could reply it would first, have to secure Congressional approval, second, the co-operation of Commonwealth countries and third, the assurance that full independence had been given the associated states. In other words, Dulles is now apparently suggesting that the initiative in this matter of intervention was coming from the French. I will try to get this confusion cleared up today when I hope to see both Dulles and Eden. It may result from instructions from the President in Washington checking the earlier proposals of Dulles and Radford. In any event, it is most unfortunate that there should be confusion and uncertainty on a matter of such very great importance.

2. Dulles confirmed to Casey that he had been urging the French to continue their resistance in Indo-China whether Dien Bien Phu fell or not. He had also seen Laniel Saturday night at 7 o'clock for the same purpose but did not believe he had made much impression on Laniel's mind. If the Laniel Government falls, Dulles thinks that it will be replaced by a Mendes-France Government committed in advance to a virtual abandonment of Indo-China.

3. Dulles told Casey that if only the French could hold on additional help would be coming from the United States, including an American Military Mission, but all this would take some weeks. Dulles added that if international intervention takes place in Indo-China later there is a good chance that Pakistan, Thailand, the Philippines, Formosa and Japan would applaud it while even Burma and Indonesia would not be opposed. India however he knew would be hostile.

4. Contrary to the reports we received Saturday Dulles told Casey yesterday that the United States would not bomb Communist China unless China came in openly.

5. You will appreciate that this message conflicts in some respect with the Saturday one but I hope to have this particular conflict at least resolved shortly.

6. Canadian Delegation are all here and comfortably installed at the Paix.

DEA/50052-40

721.

Projet de déclaration du secrétaire d'État aux Affaires extérieures

Draft Statement by Secretary of State for External Affairs

[Ottawa, April 27, 1954]

CANADIAN POSITION ON UNITED ACTION IN INDOCHINA

In the past few weeks the Government of the United States has discussed with the governments of a number of States having direct interests in Southeast Asia the

problems arising out of the increased campaign waged in Indochina by the Communist Vietminh forces against the forces of France and of the legitimate governments of the associated states. The Canadian Government has been kept fully informed of those discussions. It appreciates the importance of encouraging national and independent governments in Indochina as well as the strategic significance of that area in the protection of Southeast Asia against Communist imperialism. Other discussions between the governments directly concerned are to be held to determine whether and how collective action could effectively achieve the object I have indicated. I anticipate that we would continue to be informed as these discussions proceed. The Government will of course keep the House informed of further developments.

While the question at issue concerns in general the whole free world, Canada's interests in Southeast Asia are not as direct as those of the States presently concerned in the discussions I have mentioned, and there are no Canadian commitments in this regard.

The Prime Minister stated in the House on April 26 in answer to a question from the Honourable Member for Kamloops (Mr. E.D. Fulton) that Canadian obligations which might involve military action in the east were limited to what we were doing under the aegis of the United Nations — that is in Korea. The Prime Minister said that the Government was not going to involve Canada in matters that might require military action for their implementation without making a full disclosure to Parliament and a recommendation as a consequence of that disclosure. He said that he would not like to commit the Government to making any recommendation to Parliament at this time to become directly involved in what is taking place in Indochina.[13]

722.

DEA/50052-40

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

TELEGRAM 5

Geneva, April 27, 1954

TOP SECRET. IMPORTANT.

Reference: My telegram No. 1 of April 26.
Repeat London No. 3.

[13] Les deux premiers paragraphes de cette déclaration ont été rédigés par Heeney et révisés par Pearson. La déclaration n'a pas été utilisée à la Chambre de communes, mais a été donnée au SI de la Société Radio-Canada pour servir de ligne directrice.
The first two paragraphs of this statement were drafted by Heeney and revised by Pearson. The statement was not used in the House of Commons but was given to the CBC-IS for guidance.

INDO-CHINA

Following from Minister, Begins: After further talks with Eden and examining his reports of various recent conversations the situation is now reasonably clear though not any more encouraging in regard to recent United States initiative to assist the French in Indo-China. The sequence of events seems to be as follows:

When Eden saw Dulles and Radford, Saturday, April 24, Dulles told him that he felt that there was no chance of keeping the French in the fight unless they knew that the Americans would do what they could within presidential constitutional authority to join them in that fight. The French, according to Dulles had made it clear to him (though they had not taken the same line with Eden) that it was not enough for them to secure an assurance of help in defending the rest of Indo-China if Dien fell. The United States must participate in an air strike in the battle for the fortress itself. Dulles told Eden that he had replied (though his views on this matter seem to have been modified later, at least in respect of (2) below) that help of this kind was impossible because:

(1) the President had not the power to act with the necessary speed as Congress would have to approve and

(2) that even General Navarre felt that no intervention of this kind could save the fortress.

2. Dulles, however, felt that the United Kingdom and the United States should now give the French a definite assurance that they would join in the defence of Indo-China even if Dien fell and that this might keep the French in the fight. He indicated that the United States would be willing to give such an assurance if the United Kingdom would join in it and providing Congress approved.

3. Eden then asked what kind of measures would be contemplated to save Indo-China. Admiral Radford then intervened to say that immediate military intervention would be necessary to hold the French position and that the United Kingdom part might be the despatch of RAF units into Tongking and the use of an aircraft carrier if there was one in the area (which there isn't). Radford went on to give his views that when Dien fell the whole military position would get out of control in a few days; there would be riots in Saigon and Hanoi and the population would likely turn against the French. The only way to prevent this was to show that France now had powerful allies in the fight. This might have the necessary psychological effect. It involved a United States share in the planning of the high command, in the training of Vietnam troops, and the removal of Navarre.

4. Eden replied that the French had not given the British such a desperate picture either of the situation at Dien or in Indo-China as a whole. He asked whether the United States really thought that air intervention could be decisive to alter the situation and if they had considered either its effect on world opinion or the Chinese reaction to it. Had the Americans forgotten the Russo-Chinese alliance or that we might be heading in the direction of World War III?

5. Admiral Radford replied that he did not think the Chinese would or could intervene in Indo-China and that they could be held by the collective action of the free nations having vital interests in this area.

6. After this, the meeting took place with Bidault. Dulles said that if the French were willing to continue the war after the fall of Dien, the United States would urgently try to organize the defence of the entire region as agreed in the communiqués issued in London and Paris last week. Could they count on French help?

7. Bidault hesitated as he felt that the fall of Dien might be decisive both in Indo-China and in Paris. His own policy was to fight on but he was not certain of the government or public opinion.

8. At this point, Dulles produced the draft letter to Bidault which has subsequently caused so much confusion in its initiation and interpretation due largely to the fact that the Americans consider it a reply to a previous communication of the French asking for help and not an initiation of their own. This letter included the following paragraph which seemed to contradict some of Admiral Radford's ideas:

"No air strike could possibly save Dien now even if United States constitutional procedure authorized it but they would try to obtain special powers for the President to move ground forces into Indo-China and thus internationalize the struggle against Communism in Indo-China and protect the whole South-Eastern region of Asia".

9. They would send such a letter to the French if desired and if the United Kingdom would participate.

10. Bidault again hesitated after reading this letter but then approved of its despatch. Eden realized at once that he was in a very difficult position but he did immediately object to Dulles' suggestion that action of the kind proposed could be based on the communiqué issued last week from London.

11. Eden then decided to go to London but before he left Paris Maurice Schumann rang him up and said that both Laniel and Bidault urged the United Kingdom to join in the procedure suggested in the Dulles letter.

12. Eden saw Sir Winston Churchill Sunday night at Chequers and the Cabinet met next morning. They agreed on instructions to the Foreign Secretary. I have the text of these but gather from your telegram No. 3, that Earnscliffe has shown them to you. They amount of course to a rejection of what had by that time become the Franco-American proposals. As of this afternoon Eden had not shown them to Dulles.

13. While lunching yesterday at the Carleton Club with the Prime Minister (he said that neither of them had been there for ten years) Eden was visited by Massigli who said that Bidault had instructed him to see Eden at once and press urgently for quick action re Mr. Dulles' request. The background of Massigli's intervention irritated Eden. It was as follows. Bedell Smith in Washington saw Bonnet Saturday evening and indicated that they might be able to get quick congressional approval if the Dulles letter could be agreed on at once by the governments concerned. Bedell Smith therefore asked the French Government to press the United Kingdom to agree to a declaration of intention based on this letter proclaiming the common will of the signatories:

(a) to stop the expansion of Communism in South-East Asia and

(b) to use "eventual military fore" to this end.

14. Eden gave Massigli no satisfaction. The French Ambassador said he understood the United Kingdom difficulties but added "the Americans having declared that their willingness to act was dependent on the United Kingdom attitude, he trusted that the United Kingdom would consider the effect on French opinion and elsewhere of its refusal". Eden, however, was firm that action before the Geneva conference would be premature and dangerous. He could not even agree that Sir Roger Makins could participate in drafting such a declaration of intention without commitment.

15. Meanwhile, Bidault has replied to Dulles' letter as follows:

"The view of our military experts which has been confirmed this very day by a high ranking officer who has landed at Dien Bien Phu and who knows the ground well is that mass intervention by American aircraft could still save the garrison. It is also the opinion of our High Command that in order to attack the reduced perimeter of the fortress the Viet Minh have mustered an exceptional concentration of troops and equipment and have thrown in the major part of their fighting formations. This concentration of Viet Minh power which has now taken place for the first time affords us an opportunity which may well never recur to destroy by air action a high proportion of the enemy's forces. Moreover, such action taking place as it would at the very beginning of the rainy season might interrupt the supply facilities to such an extent as to endanger the remainder of these troops.

It is thus not impossible that a situation which is at present difficult might be turned into a decisive blow against the Viet Minh."

16. Bidault met Eden at Orly airport last evening as he was flying to Geneva, and Eden read him the pertinent parts of the Cabinet instruction which in effect rejected the Franco-American proposal. He said that Bidault took this very well; did not even seem particularly surprised. He, Bidault, was however irritated because Admiral Radford seemed to give military information to the French on the efficacy of an air strike contrary to what he had told the British and also because the Americans had now leaked the news that France had asked for air help when they felt that the initiative had come from the Americans themselves. Bidault was calm and reasonable but gravely perturbed by the situation and told Eden that France was "on the edge of the slope both militarily in Indo-China and politically in Paris". Eden then said that all of his military advisers believed that an air strike at Dien Bien Phu would not appreciably affect the situation. They therefore, felt that they were being asked to undertake an enterprise of gravest consequences which they knew could not succeed. Eden's impression is that Bidault not only understood, but personally accepted his conclusion. But Bidault said he must take account of what Admiral Radford's views now were and of advice given by the French military.

17. The British are very unhappy over developments as they feel that they are being manoeuvered into a position where the collapse of the situation in Indo-China may be blamed by the French on the absence of Allied military help and that the Americans will blame this on British timidity and hesitation. I feel, however, that the British position is absolutely sound and both Casey and Webb agree, though Casey is particularly disturbed at the possibility of an American rebuff and

a breach with Great Britain which might cause the United States to withdraw its interest from the whole South East Asian area.

18. I shall maintain the position that we are not directly involved in this matter at all but will do what I can to impress on the Americans the difficulty of the British position and the strength of the British arguments against the Dulles proposals which now are also French proposals. There is a combination, as I see it, of rashness and desperation in these proposals; that they would do little to help the French or Indo-China and might even extend and intensify the present conflict. I gather that this view is supported by United Kingdom military opinion.

723.

DEA/50052-40

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

TELEGRAM 13

Geneva, April 28, 1954

CONFIDENTIAL

Repeat London No. 8; Washington EX-701.

INDO-CHINA

Casey, Webb and I saw Eden again this morning, who reported to us on recent conversations with Bidault and Dulles, and on Bidault's talk with Molotov, regarding Indo-China. A further report on these developments will follow.

2. Meanwhile, it now seems pretty clear that the Indo-Chinese conference at least in its first stages, will be confined in its membership to the Big Four, Communist China and the three Indo-Chinese states. Vietminh will probably be associated with it but in some way which will differentiate its status from that of the Indo-Chinese Governments. Eden said there is little possibility of any additional membership at this time. Casey and Webb are quite satisfied, as they realize that the best chance of some success is to keep representation at this stage to a minimum.

3. The question of Canadian membership is, therefore, a completely academic one, and will probably remain so. I told Eden that we were not surprised or concerned at this, but were greatly interested in the Indo-Chinese phase of the conference, and would be glad to be of any assistance possible. In the discussions which will be going on to this end, frequent discussions with Eden and as occasion offers with the Americans, will give us an opportunity to express any views that we might have without becoming directly involved.

724. DEA/50052-40

La délégation à la Conférence sur la Corée à Genève au secrétaire d'État aux Affaires extérieures

Delegation to Geneva Conference on Korea to Secretary of State for External Affairs

TELEGRAM 28 Geneva, May 1, 1954

SECRET. IMPORTANT.

At a meeting of Commonwealth Foreign Ministers on April 30 Mr. Eden reported on conversations held during the day with Mr. Dulles, with Mr. Bidault and conversations with Mr. Molotov and Mr. Chou En Lai at lunch.

Dulles Disappointed with Conference[14]

2. Dulles had complained that he had been left almost alone in the stand he had taken in the conference. Except for Mr. Casey's statement, which dealt with only a few of the many Communist charges against the U.S.A., no other Commonwealth or European Minister had risen to his support or to answer the accusations that the United States was Imperialist and had designs to become a colonial power in Asia. Eden replied to him that the British were accustomed to such charges over a long period of years and paid little attention to them. He felt there was nothing to be gained by repeating what had already been said so well by Dulles and Casey. It was time now to get down to the business of the conference. He was quite prepared, however, to participate in the general debate if the Sixteen could agree on positive proposals which he could put forward. He was not enthusiastic about giving support to the position taken by Dulles on such issues as elections only for the North and not for all-Korea.

3. I also expressed my willingness to participate in the general debate, if it was felt that we could make any contribution in support of a positive plan about which we could be somewhat more enthusiastic than the one which had been suggested so far. It was hoped that the Committee of Nine out of the Sixteen would be able to agree very soon upon some positive proposals in respect to elections throughout Korea under United Nations or international supervision and "phased" withdrawal of troops. The Americans had indicated to me their support of such proposals.

Southeast Asia Organization

4. Dulles told Eden that he was greatly disappointed to have to return to the United States to report that the United Kingdom had opposed his plan for an organization in Southeast Asia similar to NATO. He feared public reaction in the United States would be unfavourable. Eden told him emphatically that the United Kingdom was not opposed to such an organization if it were organized under circumstances similar to those under which NATO had been organized, that is a defensive pact organized during peace time. The situation in Southeast Asia with fighting

[14] Pour le texte traitant de la Conférence sur la Corée à Genève, voir le chapitre 1.
For a full treatment of the Geneva Conference on Korea, see Chapter 1.

going on in Indo-China was totally different and to form a pact at this time could only be for the purpose of engaging in war in Indo-China in support of the French. The United Kingdom was opposed to such action. Dulles expressed dissatisfaction with the manner in which Radford had presented the case and was inclined to blame him for the position taken by the United Kingdom in this matter. Eden assured him, however, that Radford had not been the main factor in the decision of the United Kingdom. Eden then informed us that he was still confident that intervention now by the United Kingdom and the United States in Indo-China would only dangerously aggravate the situation.

Mechanism for Negotiation on Korea

5. When Eden informed Dulles that he had accepted an invitation to lunch with Molotov and Chou En Lai, Dulles requested him to sound out the Communists regarding suitable mechanism for negotiations as soon as the general debate was over. Dulles suggested that the Communists might accept Prince Wan as a mediator and contact man between separate meetings to be held by each side. This would prevent the embarrassment of having to negotiate directly with the Chinese Communists. Eden discussed plans with Molotov and Chou En Lai. They agreed to set up a small group consisting of the four great powers, China and the two Koreas which would get down to business on about Tuesday of next week. (It was subsequently decided to hold the first meeting on May 1).

British-Chinese Relations

6. When Chou En Lai referred to British recognition of his Government Eden reminded him that China had not recognized the United Kingdom. Chou replied bluntly that the United Kingdom had voted against China in the United Nations. When he glossed over the fact that the British had a Chargé in Peking Eden reminded him that they had a man in Peking by the name of Trevelyan who had been consistently ignored by the Peking Government. (Mr. Trevelyan informed us that prior to leaving Peking for the conference he had been entertained at dinner by the Vice-Minister of Foreign Affairs, which was a regular proceeding for all diplomats in Peking with whom diplomatic relations were about to be established). When Chou complained bitterly of United States treatment of China Eden assured him that the United States had no designs on China and suggested that it might be useful for him to obtain my opinion in this respect as a representative of the closest neighbour of the United States. Chou thought that there were representatives there who were opposed to a settlement in Indo-China. Eden asked if he meant the United Kingdom. He replied "no", but he would give Eden no satisfaction as to whom he meant. Eden's comment on Chou, as a result of his first meeting, was that Chou was tough and baffling. Chou had not been very forthcoming regarding negotiations in Indo-China, but Molotov seemed willing to facilitate arrangements which would set up machinery for negotiations.

Indo-China

7. In conversations with Bidault, Eden had gained the impression that Bidault had succeeded in reaching agreement with Molotov that the four great powers, China, the three associated states and the Viet-Minh would be invited to participate in the

conference to reach some settlement. There is no thought any longer of a mere cease-fire, only a full fledged armistice is acceptable. Bidault seems to have backed away from the idea of a division of Indo-China.

8. I referred to the possibility of inviting a representative from the recent Colombo Conference to Geneva, if that conference succeeds in evolving proposals which might form a basis for negotiations. It would be preferable that either a Pakistani or a Ceylonese should represent the South Asian nations which had participated in the Colombo Conference. Eden took interest in this idea and agreed that this matter should be given serious consideration as soon as we obtain information about the proposals agreed upon in Colombo.

9. Bidault has expressed a strong desire to have a President chosen from outside of the nine powers to preside over the meetings of the Nine in negotiations on Indo-China.

Formosa

10. Eden expressed considerable concern regarding a statement made by Dulles about American intentions respecting Formosa. Dulles had suggested the possibility of a treaty of alliance with the Nationalist Chinese in Formosa. Eden felt that this suggestion may have been intended to bring pressure upon the United Kingdom to be more forthcoming in their attitude towards a Southeast Asia organization and requested us to treat the matter very confidentially.

DEA/50052-40

725.

Le secrétaire d'État aux Affaires extérieures au haut-commissaire en Inde

Secretary of State for External Affairs to High Commissioner in India

Ottawa, May 5, 1954

TELEGRAM 141

SECRET. IMPORTANT.

Repeat: Chairman, Delegation to Korean Political Conference No. 31.

MR. NEHRU'S PROPOSALS

At the request of the Minister in Geneva, we should be grateful if you were to convey to Pillai at the first suitable opportunity an expression of our sympathetic interest in Prime Minister Nehru's thoughtful suggestions on Indochina, which formed the basis for the Colombo conference discussions on the subject.[15]

2. In approaching Pillai on his behalf, the Minister has suggested that at this stage it might be best to be non-committal in your remarks, mentioning that we are not primary participants in Southeast Asian affairs, but that nonetheless we have studied Mr. Nehru's proposals seriously and expect to give the same careful considera-

[15] Voir/See *Documents on International Affairs 1954*, pp. 123-124.

tion to their offspring from Colombo. You could use in this connection the extracts from the Minister's speech at Geneva[16] which have been repeated to you.

3. Our preliminary comments on Mr. Nehru's proposals went forward to the Minister on April 30.† A copy is being sent to you by courier.

4. Briefly, our general comments are as follows: While we welcome his proposals for their evidently sincere intention to contribute toward a solution in Indochina, their usefulness and acceptability at this time clearly depend on an accurate assessment of the military situation. If the Franco-Vietnamese military situation can be improved, then we think that the Canadian delegation at Geneva should not now suggest to those more immediately concerned with the problem that a study be made of the Indian proposals. If, however, the military situation is likely to deteriorate seriously, we think it would be worthwhile to suggest careful and sympathetic consideration of Mr. Nehru's proposals.

5. The terms of a cease-fire agreement and its supervision seem to us to be of fundamental importance in the fluid type of war being fought in Indochina. Vietminh guerilla infiltrations, coupled with the atmosphere of political distrust which prevails throughout Indochina, made Mr. Nehru's initiative particularly interesting, especially if, as seems possible, India would be willing to assume responsibility for supervising a cease-fire. While keeping in mind the desirability of not excluding non-Asians from sharing these responsibilities, we can see definite advantages to an arrangement whereby the Indians (and possibly other Colombo powers) would assume a large measure of responsibility in the policing of a cease-fire in Indochina.

6. If the Indians are willing to share the responsibility for policing a cease-fire, we think that Mr. Nehru's suggestions should be thoroughly and sympathetically explored at the appropriate stage. It may be that the appropriate stage would not be reached until efforts at direct settlement demonstrated the need for good offices and the policing of a cease-fire.

7. We have not considered at this time the more difficult, but less immediate, problem of what arrangements might be worked out in a political settlement.

8. We should be grateful if, for the present, you would consider these comments as for your information only and not for discussion with the Indians or with representatives of other friendly governments.

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[16] Voir Canada, Ministère des Affaires extérieures, *Affaires extérieures*, volume 6, N° 6, juin 1954, pp. 174-179.
See Canada, Department of External Affairs, *External Affairs*, Volume 6, No. 6, June 1954, p. 166-171.

726. L.B.P./Vol. 34

Le secrétaire d'État aux Affaires extérieures au premier ministre

Secretary of State for External Affairs to Prime Minister

SECRET AND PERSONAL Geneva, May 6, 1954

My dear Mr. St. Laurent,

You will have gathered from the official communications received from Paris and Geneva, that we have been having a busy time at a confusing and somewhat discouraging conference.

So far as the NATO meeting was concerned, that went off quite satisfactorily,[17] but even in Paris, it was not NATO so much as Indochinese and Asian developments that engaged the major share of the attention of all who were there.

I do not need to go into the events of that Paris weekend, which have been reported fully, if not clearly (the situation did not make possible much clarity). I felt then, and my feeling has since been confirmed, that the United Kingdom saved the French and the Americans from making serious mistakes, which, on the French side, were prompted by desperation, and on the American by impatience. Domestic political considerations, of course, were important on both sides. It is particularly unfortunate that at this critical moment the French Government should be so weak, and the American Government so divided.

Since arriving in Geneva, the United Kingdom, through Mr. Eden, has continued its useful role as catalyst, mediator, and counsellor. At times they have irritated both the French and, more particularly, the Americans, but that was bound to be the case in the circumstances.

One aspect of the Indochinese talks (they have all as yet been quite informal, because no conference has been set up) which has, I know, been worrying you in Ottawa, has been Canada's relationship to them. In any discussions I have had here, I have tried to avoid indifference, on the one hand, and commitments on the other.

We have, however, through our close contacts with the Americans and the British, been kept completely informed of everything that has been going on, and, indeed, have taken part in a good many of the preliminary and informal discussions. At the same time, I would repeat that it has been made clear to all concerned that we have not, and do not expect to have, any special obligation in respect of Indochina or any special claim or desire to be included in the formal Indochinese Conference. Our position in this regard is made easier by the present decision to confine the membership of that conference to the Big Four and the Governments of Indochina, Vietminh and Communist China.

In the above circumstances, it would be unrealistic and absurd for us to expect an invitation to the Indochina Conference. Even the neighbouring states will not be

[17] Voir/See Document 281.

formal participants. The reason for our omission should, I think, be apparent to Mr. Drew, Mr. Howard Green, or the *Toronto Globe and Mail*. At the same time, our close association with informal discussions here should remove any impression that we are aloof and not interested.

We certainly should be interested, because if the Indochinese question goes very wrong, serious and widespread conflict might result, from whose consequences we would not be able to escape. Even if that ultimate tragic contingency did not result, there is a real danger of serious division between the United Kingdom and United States over this matter. In talks I have had I have kept this in mind, and once or twice suggested to both sides its danger, and ways of avoiding it in respect of specific suggestions made by one side (say the United States) which would be obviously unwelcome to the other.

For these reasons, I have thought it wise to keep in as close but "non-committal" touch as possible with developments.

On the substance of the Indochinese matter, everyone feels depressed and frustrated; a feeling derived from the military situation in Indochina, from weakness and indecision in Paris, and divided counsels and confusing tactics in Washington. On one matter we find ourselves in close understanding and agreement with the United Kingdom, namely, that the conflict should not be extended or prematurely or partially internationalized, and that other Asian states should be somehow brought into a closer association with the problem. That is why Mr. Eden intervened at the Colombo meeting with good results. It is also why I mentioned the communiqué from that meeting in my statement Tuesday. Neither the French nor the Americans are enamoured of the association of countries like India or Burma or Indonesia with Indochinese developments, but they are less opposed to it now than they were a fortnight ago.

Another difficulty is our inability to secure from the French delegation any information re concrete plans for a settlement which they may have in mind. I suspect that they will advocate some form of armistice, with a re-arrangement of opposing forces, to be followed by a peace conference, but none of us have any information to confirm this. With the Indochinese Conference to meet very shortly now, the lack of agreement among the Big Three as to what proposals should be put forward, does not augur well for the success of that conference, or for unity on the Western side.

So far as Korea is concerned, the proposals put forward on the Communist side are, of course, impossible to accept, and their attitude has been hard and unyielding. On our side, we have not yet been able to agree on counter-proposals because of the reluctance of the South Korean Government to accept free elections for all Korea, and the reluctance of the United States to push them too hard on this matter, at least at the beginning of the conference. We hope, however, to get this matter cleared up by the end of the week. If the Syngman Rhee Government will not make any concessions, then I suppose the best thing to do — though it is not good — would be to refrain from putting forward *any* proposals on our side, and to take our stand in opposition to the unacceptable Communist ones. This is not a very satis-

factory position, but it is, I think, better than to have open disagreement in our own ranks.

Even if there can be no agreement on a unification of Korea, the conference here could still do a useful job in confirming and improving the armistice arrangements, and thereby making more difficult a resumption of the fighting.

On the less official side of the conference, the most interesting feature has been the complete lack of any kind of contact, social, personal or semi-official, between the American delegates and those from Communist China. Mr. Dulles came and went without having even nodded to Chou En-Lai. This, of course, may be understandable in terms of American domestic politics, but it doesn't seem to make sense here.

At the beginning of the conference it was indicated to me that Chou En-Lai would like to meet me, so I had myself introduced to him one afternoon at the buffet. He was friendly enough, but I have made no move to follow this up. On the other hand, Ronning has been establishing very valuable contacts with members of the Chinese delegation whom he knew personally. They have shown themselves quite friendly and have talked very frankly to him. This has been helpful, I think, and we are passing on any information obtained to the United Kingdom and the Americans. He has also been able to bring up with them the question of Canadians detained in China, of whom there are now only a very few.

Our relations with the Russian delegation are correct, if not close, while we are, of course, on very good terms with all the others.

Unless developments here require a change of plans, I will be going to London next week for the atomic talks and leaving for home around May 21. I will be very happy to be back home, as this is an exhausting and frustrating mission.

Kindest personal regards.

Yours sincerely,
L.B. PEARSON

DEA/50052-40

727.

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 152 New Delhi, May 6, 1954

SECRET. IMMEDIATE.
Repeat London No. 4.

INDO-CHINA

The United Kingdom High Commissioner has shown me in confidence Prime Minister Nehru's reply of May 5th to Eden's message delivered to Commonwealth

Prime Ministers at Colombo Conference. This is an extremely significant document and if you have not, repeat not, already done so I hope that you can get the text from the British without mentioning that I have seen it here.

2. Nehru, in his message, states a major responsibility now rests on India in assisting in a solution of the Indo-China problem.

3. Eden had stated that the United Kingdom is prepared to guarantee a settlement which had a wide backing among all interested parties and had asked whether India would be prepared to be associated in any way with such a guarantee or was there some other action which Asian Commonwealth countries could take.

4. In his reply, Nehru said, in answer to this specific question, that India's present position is that, within limits of its policy of non-alignment and its own resources, India will assist in promoting and maintaining a settlement in Indo-China. India can make no, repeat no, commitments beyond this until India sees the pattern that emerges and until it is known to what extent and to whom guarantee extends and who are the parties of such guarantee. Mr. Nehru went on to make clear that India does not, repeat not, envisage any guarantee that is intended to bring and ensure peace in Indo-China as one in which one group of states enters into an alliance against another group of states.

5. Krishna Menon called on me the afternoon of May 5th. He said that some agency considered neutral by both sides would be required to facilitate a settlement in Indo-China and that the United Nations was ruled out since it was considered by the Russians and the Chinese as unneutral. There were very few countries left in the world which the Russians and the Chinese would consider to be sufficiently neutral which would have a chance of being accepted by the other side and which could send troops to Indo-China. He suggested the list was now reduced pretty much to Mexico, Argentina, Norway or Sweden and India. Such a group might constitute a Neutral Nations Commission for Indo-China. If our side insist on including Pakistan the other side would insist on including Czechoslovakia and Poland. Burma and Indonesia would be considered to be neutral but they were not, repeat not, in a position to send troops to Indo-China.

6. If all parties concerned were to request a group of countries such as this to undertake the responsibility of policing a cease-fire agreement in Indo-China and supervising a non-intervention agreement, and this would mean sending troops, Menon considered India would agree to participate. The responsibility of Neutral Nations Commission might also extend to supervision of free elections.

7. When I saw Pillai the morning of May 6th I gave him your message set forth in paragraph 2 of your telegram No. 141 of May 5th. I went on to report what Menon had said to me. Pillai said that there was no doubt that India would be prepared to play in Indo-China the same sort of role it had played in Korea but he was somewhat afraid that in the correspondence between Eden and Nehru the two countries might be talking at "cross purposes". The impression he gave me was that while India would be prepared to play a role in Indo-China similar to that played in Korea, Eden might misinterpret Nehru's message as being more forthcoming on possibility of India being associated with guaranteeing a settlement than Nehru had intended it to be.

8. I called on Clutterbuck on the afternoon of May 6th and informed him of my talks with Menon and Pillai. Menon had seen him immediately after seeing me but had not, repeat not, spoken to him along the lines on which he had spoken to me. Clutterbuck will attempt to find out from Pillai tomorrow whether Menon's views represent the views of Nehru. He did not, repeat not, understand Pillai's reference to "cross purposes" since it would seem clear that the passage in Nehru's letter quoted above in paragraph 1 refers to a guarantee by China, the Soviet Union, the United States, the United Kingdom and possibly other countries of a peace settlement in Indo-China and does not, repeat not, refer to intermediate subject of a cease-fire agreement and a non-intervention agreement.

9. The following three points were implied by Menon in his talk with me:

(a) A cease-fire agreement and a non-intervention agreement should come into force simultaneously. While purpose of non-intervention agreement would be frustrated if France could ship to Indo-China unlimited supplies of war materials given it by United States, the agreement might provide a very limited agreed flow of war materials from France to French forces in Indo-China to keep stock up to that at the time of the cease-fire.

(b) Since there is no, repeat no, solid front line in Indo-China a cease-fire agreement would probably have to allow for "pockets".

(c) The Chinese and Russians want to end the fighting in Indo-China. Would be reluctant to agree to a division of Viet Nam and if there is a division he thinks that they will want Annam as well as Tongking. They will press for unification of Viet Nam and free elections.

10. Please repeat to Minister.

728. DEA/50052-40

Le chef de la Direction européenne à la délégation à la Conférence sur la Corée à Genève

Head, European Division, to Delegation to Geneva Conference on Korea

SECRET Ottawa, May 11, 1954

Dear John [Holmes],

The interest which both the Minister and Mr. Eden have shown in keeping in touch with the thinking of the Asian members of the Commonwealth on Indochina and the Southeast Asia question has paid good dividends. The United Kingdom initiative in keeping the Asian members informed and Eden's personal messages to the Prime Ministers seem to have been most favourable in preventing an anti-Western outcry at Colombo and in encouraging a disposition on the part of the Asian members to adopt a more cooperative attitude than we might have expected. More recently, Reid's talk with Pillai following your telegram No. 26 of May 2† proved useful in connection with the other conversations reported in his telegram No. 152 of May 6.

2. I do not think therefore that we could usefully increase our own liaison with the Commonwealth members beyond your continuing what has already been done i.e. our asking our High Commissioners from time to time to speak to the local authorities in accordance with instructions we might receive from the Minister. Subject to the limitations of our communication facilities, the relevant information can in most cases be telegraphed to them for the purpose of liaison.

3. The only other channel, if it is available, would be for the Delegation to establish a connection with any appropriate representatives of the Asian members who might be in Geneva. We know of no such representatives, however, unless by chance Gundevia, the Indian Ambassador has come over from Berne. He is a very capable person.

4. For a number of reasons I would not think of using the Ottawa channel of talking to Baig and Saksena. First, it leaves out the Ceylonese; second, it could not be done very naturally unless they came to see us; third, Saksena is not the most reliable channel; fourth, neither he nor Baig would necessarily reflect the latest thinking of their Government and fifth, it would be difficult to determine what information could properly and usefully be conveyed to them by us.

5. If they were to approach us, however, we would have to use our own judgment as to what we could or should say to them. My inclination would be to state that we have used our High Commissioners as channels and to tell them not much more than we have transmitted to our High Commissioners under your instructions for usage locally. This would cover the ground unless they asked specific questions or were, under instructions, bringing us information for discussion, in which case again we would have to use our own judgment as to how much we should tell, remembering the need to keep reasonably in step with whatever the British are doing. It is an added advantage of leaving the initiative centred in Geneva in coping with this problem.

6. You might like to discuss this with the Minister if there should be a convenient opportunity and let us know his views. This problem had been on our minds from the beginning — we do remember that the Minister did not wish us to become the principal channel for informing the Asians of what took place at Geneva. Matters were facilitated until now at the Ottawa end by the fact that Baig was lecturing in the West and Saksena was at ECOSOC in New York. Both are back in Ottawa now, however, and may soon drop in. Hence our request for a line on the line to follow.

Yours sincerely,

J.A. CHAPDELAINE

P.S. I enclose a copy in case you wish to send it to the Minister.

Note éditoriale

Note by the Editor

La conférence de Genève sur l'Indochine, coprésidée par le Royaume-Uni et l'Union soviétique, et qui réunit notamment la France, les États-Unis, la Répub-

lique populaire de Chine, les États associés d'Indochine et la République démocratique du Vietnam, s'ouvre le 7 mai 1954. Elle se termine le 21 juillet 1954 lorsque les accords de cessez-le-feu (ACF) sont signés par le Vietnam, le Laos et le Cambodge.[18] Le Vietnam est divisé temporairement jusqu'en 1956 lorsque des élections doivent se tenir dans tout le pays. L'accord prévoit le retrait des troupes françaises et vietnamiennes du nord du 17e parallèle et le retrait des troupes du Vietminh du sud du pays. Les accords du Laos et du Cambodge prévoient le retrait des forces du Vietminh de ces deux pays et leur neutralisation subséquente. Les trois accords comportent également des dispositions visant à faciliter la libre circulation des réfugiés et garantit aux différents gouvernements d'Indochine le droit de maintenir des forces armées, d'importer des armes et de garder des conseillers militaires étrangers. La conformité aux accords sera assurée par la Commission internationale de surveillance. Les États-Unis refusent de signer les ACS mais publient un communiqué le 21 juin 1954, dans lequel il promettent de «respecter » les conditions de l'armistice.[19] Le Canada ne participe de près à la Conférence de Genève sur l'Indochine qu'à la toute fin, juste avant la conclusion des ACF, lorsqu'il est question de la composition de la Commission.

The Geneva Conference on Indochina, which was jointly chaired by the United Kingdom and the Soviet Union, and included France, the United States, the People's Republic of China, the Associated States of Indochina and the Democratic Republic of Vietnam, opened on May 7, 1954. It closed on July 21, 1954 when Cease-Fire Agreements (CFAs) were signed for Vietnam, Laos and Cambodia.[18] Vietnam was partitioned temporarily until 1956 when elections were to be held throughout the country. The agreement provided for the removal of French and Vietnamese troops from north of the 17th parallel and the withdrawal of Vietminh troops from the southern parts of the country. The agreements for Laos and Cambodia provided for the withdrawal of Vietminh forces from those two countries and their subsequent neutralization. The three agreements also included provisions to facilitate the free movement of refugees and guaranteed the various Indochinese governments the right to maintain advisors. Compliance with the agreements was to be monitored by an international supervisory commission. The United States refused to sign the CFAs but issued a statement on July 21, 1954 promising to "respect" the terms of the armistice.[19] Canada was not closely associated with the Geneva Conference on Indochina until just prior to the conclusion of the CFAs when the question of the composition of the supervisory commission was discussed.

[18] Pour les accords du cessez-le-feu, voir France, Ministère des Affaires étrangères, *Conférence de Genève sur l'Indochine (8 mai-21 juillet 1954)*, Paris, Imprimerie nationale, 1955, pp. 427-442 (Cambodge), pp. 443-452 (Laos), et pp. 453-460 (Vietnam).
For the ceasefire agreements, see United Kingdom, Parliamentary Papers, Cmd. 9239, *Further Documents relating to the discussion of Indo-China at the Geneva Conference June 16-July 21, 1954*, London, Her Majesty's Stationary Office, 1954, pp. 11-18 (Cambodia), pp. 18-26 (Laos), and pp. 27-40 (Vietnam).

[19] Pour la déclaration des États-Unis, voir/For the United States statement, see United States, Department of State, *Bulletin*, Volume XXXI, No. 788, August 2, 1954, pp. 162-163.

729.

DEA/50052-40

Le délégué permanent auprès de l'Office européen des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Delegate to European Office of United Nations to Secretary of State for External Affairs

TELEGRAM 115

Geneva, July 19, 1954

SECRET. IMMEDIATE.

Reference: Our telephone conversation today.

INDO-CHINA

Following for MacKay from Allard, Begins: Impossible for me tonight to reply to the three points raised during our conversation because of continuous meetings going on and difficulty of speaking with anyone of United Kingdom, United States or French delegations.

2. Tahourdin with whom I discussed the matter by telephone saw me for a few minutes before an evening meeting and was somewhat upset at the thought that some Canadian newspapers may have information about Canada having been mentioned as possible member of the Supervisory Commission. There was no, repeat no, reference to this proposal either in local Swiss papers or London papers available here today.

3. The suggestion made by the Chinese delegate at yesterday's meeting that members of the Commission should be India, Canada and Poland came as complete surprise. This proposal is being discussed between friendly delegations but no, repeat no, decision has yet been arrived at concerning this Chinese proposal mainly because of possible repercussions of leaving out other Colombo Plan countries. When our side has decided whether or not, repeat not, they can accept the Chinese proposal it will come before full session of nine delegations and details, such as terms of reference etc, will then be decided and a formal invitation will be made to each of the countries concerned.

4. Unfortunately more details can only be expected tomorrow morning from United Kingdom sources and calls are also to be made on United States and French delegations early Friday morning.

5. Meanwhile, Tahourdin who spoke to Eden, said they were both very anxious to keep this matter very confidential until our side has decided as to whether or not, repeat not, they can accept the Chinese proposal. Will report soonest. Ends.

730. DEA/50052-40

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

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

TELEGRAM 845 London, July 19, 1954

SECRET. IMMEDIATE.

Reference: Your telegram No. 1028 of July 19.†

INTERNATIONAL SUPERVISORY COMMISSION — INDO-CHINA

Terms of reference are not yet agreed but it has been common ground that Commission would supervise whatever general settlement was reached, see that cease-fire was observed and watch over the carrying out of undertakings in respect of regrouping of forces. The time that this last process may take has been variously estimated at from 2 to 6 months. It is not known in London whether Supervisory Commission will be asked to assume any responsibility for holding of elections but it is thought that in any case it will have to remain in being and in position until after elections have been held.

2. As of today east and west were still in disagreement (a) as to whether Supervisory Commission should take decisions by majority vote or by unanimity. The Foreign Office are still hopeful that decisions can be taken by majority vote. (b) As to whether decisions of Commission should be mandatory and final or should be susceptible of reference back to the powers constituting the Geneva Conference on Indo-China.

3. In view of probable terms of reference I think members of Supervisory Commission are likely to be senior soldiers with staff, administrative or diplomatic experience. No one at this stage can make a useful guess as to numbers of personnel required though Secretariat experience in Kashmir and Palestine should be relevant. If Commission is set up and if India accepts membership on if I should think it reasonable for her as nearest country to provide a large proportion of clerical and security personnel needed. In principle each country would have to provide its own staff and make its own administrative arrangements. I should think a knowledge of French would be useful for anyone assigned to this errand.

4. The Commission should be set up as quickly as possible after a cease-fire has been arranged. Perhaps agreement could be reached on India as nearest country and with recent Korean experience supplying interim representation on the spot pending arrival of representatives of other participating countries.

5. Assumption in London is that Commission's terms of reference would cover the three Associated States in each of which each of the participating countries would wish to have its own observers.

6. Canadian membership would certainly imply "neutrality" in respect of supervising the carrying out of an agreed international understanding.

7. Foregoing answers are based on information available in London at this time of night and subject to correction. However, your questions are being repeated immediately to United Kingdom delegation in Geneva and if they reply tonight their answer will be relayed to you at once through Earsncliffe.

8. It is believed here that prospect of acceptance of invitation by India will be greatly influenced by character of Canadian reply. Task suggested is certainly ungrateful but I do not see how we can do other than accept it.

731.

DEA/50052-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1278

Washington, July 20, 1954

SECRET. MOST IMMEDIATE.

INDO-CHINA — INTERNATIONAL CONTROL COMMISSION

This message contains answers to the questions raised in EX-1237,† so far as we have been able to obtain them from the State Department. The department point out that their information is neither full nor precise, having been taken from French and Soviet papers which have been used during the Geneva negotiations. They say that at the present time Geneva would be the only place to obtain complete and up-to-date information about the commission.

Terms of Reference

2. The International Control Commission would be charged with supervising the implementation by both sides of the provisions of the cease-fire agreement. For this purpose it would carry out a mission of control, observation, inspection and investigation related to the application of the provisions of the agreement. The Commission would create both fixed and mobile inspection teams and would have the right of free movement. The Commission would:

(a) Control the movement of the armed forces of the two sides to see that it was carried out within the framework of the regrouping plan;

(b) Watch over the demarkation lines between the regrouping zones as well as the demilitarized zones;

(c) Control the operation involved in the freeing of prisoners-of-war and civilian internees;

(d) In the ports and airports as well as on all the frontiers of Viet-Nam watch over the application of the clauses of the agreement on the cessation of hostilities having to do with the introduction into the country of armed forces, of military personnel and of all types of armament, munitions and war material.

3. Recommendations and arbitral decisions of the Commission would be by majority vote. Important questions, however, such as those relating to violations of the armistice which could result in resumption of hostilities, would have to be settled by unanimous vote.

4. The Commission would be empowered to formulate recommendations regarding amendments and conditions which it might be desirable to make to the provisions of the agreement on the cessation of hostilities, in order to ensure a more efficacious application of the agreement. These recommendations would have to be by unanimous vote.

5. As an operative instrument a joint commission of representatives of the commanders of both sides would be set up with three principal functions: (I) To ensure that the cease-fire order is carried out; (II) To set in motion regrouping of regular forces and disarmament of irregulars; (III) To ensure that regrouping is carried out correctly. The joint commission of the commanders would report to the International Control Commission, which would arbitrate disputes in the joint commission of commanders.

Likely Composition

6. Details are not known here. It would presumably be military in character, since there has been no mention of civilian personnel. Officials here believe that it is not now planned that the International Control Commission would take out its own troops.

When Would Commission Begin to Function

7. As soon as possible. Working documents at Geneva call for the commission to be on the spot at the moment of cessation of hostilities. This will not be possible if, as seems likely, the cease-fire is set for two days after the signature of the agreement at Geneva. We made the observation to the State Department officials, although the United States is not primarily concerned, that Governments which were invited to serve on the control commission would need some time before replying to go through required constitutional processes, apart from other considerations.

Laos and Cambodia

8. Apparently separate and similar commissions are envisaged for Viet-Nam, Laos and Cambodia, with some sort of international co-ordinating committee. It is not clear here exactly how this scheme would work. State Department officials seemed to think it likely that the three commissions would have the same national membership, since otherwise great confusion would probably be caused.

Canadian Role

9. It was agreed in my telephone conversation on July 19 with MacKay that we would not put to the State Department No. 5 of the questions set out in EX-1237.† We were reluctant to put these questions because it might, we thought, elicit from them and put on record an assumption that Canada should play a role that we might wish to assume. We suppose that by the terms of reference a "judicial" impartiality will be expected of the commission although the implications of the obvious bal-

ance in the proposed membership is clear enough. We were afraid that these questions might give a somewhat misleading impression that Canada's behaviour as a member of the commission might be affected by consultation with others.

10. These and similar delicate questions emphasize what a difficult and important matter the appointment of a Canadian representative would be. I know you agree that it would be necessary to find a man of intelligence, courage and patience and experience. Physical fitness would also have to be considered, as the probabilities are that arduous work will have to be done under taxing circumstances.

732.

DEA/50052-40

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

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

TELEGRAM 852

London, July 20, 1954

SECRET. IMMEDIATE.

Following for the Minister-from Robertson, Begins: I have informed the United Kingdom Government of the content of our conversation, and they are advising Eden at once, making it plain that until Canada has received a formal invitation and has been officially advised of the terms of reference and the responsibilities of the International Advisory Commission, it would not be possible for the government to give a definite answer. At the same time I said that in the circumstances there was every prospect that the answer would be favourable. While I was at the CRO, I learned that they had just received a message from Nehru, very similar to the one you had given me, that India could not give a definite answer until it had received an official invitation, had an opportunity of studying the terms of reference of the Supervisory Commission, and was able to form an opinion of the general character of the settlements which had been reached at Geneva. The "warning" message to Nehru did not get off until some hours after the message to Ottawa, and Nehru's message to London was in fact based on the Geneva press report which reached him before the United Kingdom message. He did, however, say that if the Geneva powers were agreed in asking India to serve on the Supervisory Commission, and if Canada was prepared to accept the invitation, then it would be extremely difficult for India to refuse.

2. As you will appreciate, all tentative agreements reached in Geneva during the last 48 hours are contingent one on the other. There is as yet no finality about anything. No one is yet in a position to give an official invitation to the countries which the powers meeting in Geneva have agreed among themselves would be acceptable as members of an International Supervisory Commission. Similarly there are as yet no agreed terms of reference for the Commission. This absence of finality is due partly to unresolved differences as to powers and procedures of the Supervisory Commission, and partly to the fact that any agreement which may be

reached about the organization of the Commission itself is contingent on agreements also being reached on the lines of demarcation, election dates, etc.

3. Some of the press reports that Canada, India and Poland had been invited to constitute an International Supervisory Commission went on to say that India would be the Chairman. The United Kingdom have no information to support this and are asking their delegation in Geneva if they can clarify the position. Ends.

733. DEA/50052-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1263 Ottawa, July 22, 1954

CONFIDENTIAL. IMMEDIATE.

Repeat London No. 1048; Paris No. 355.

INDOCHINA SUPERVISORY COMMISSIONS

Following from Acting Under-Secretary, Begins: Before taking a decision on membership in the Supervisory Commissions it is most important for us to understand the relation of the powers which participated in the Geneva Conference to the Commissions. The source of the Commissions' authority is uncertain and it is therefore difficult to know to whom the Commissions are ultimately responsible. In the draft French Working Paper on the Commissions,[20] which is as yet all we have to go on, it is indicated that the Commissions might refer disputes back to the "guarantor powers". This provision seems to have been covered in the last clause of the "final declaration" of the Geneva Conference as reported in the press: "The members of the Conference agree to consult one another on a question which may be referred to them by the International Supervisory Commissions in order to study such measures as may prove necessary to ensure that the agreements on the cessation of hostilities in Cambodia, Lao and Vietnam are respected."

2. In view of the fact however that the United States appears not to have joined in this final declaration and to have issued a unilateral statement, it is by no means certain whether we could consider the United States as one of the so-called "guarantor powers". The position of the United States as of July 20, according to a report from the United Kingdom Delegation, was explained by Bedell Smith to Mendes-France when he said that "if the United States could respect such a settlement they could not repeat not sign any agreed declaration, nor could they even take note of (let alone agree) a clause which might provide for consultation between members

[20] Possibilité que le document soit reproduit /Possibly the document reproduced in United States, Department of State, *Foreign Relations of the United States* (*FRUS*), *1952-1954*, Volume XVI, Washington, D.C.: Government Printing Office, 1981, pp. 1305-1308 and 1369-1371.

of the Conference in the event of their being some disagreement later over the execution of the terms of any eventual agreement".

3. We fully understand that the United States position has been of necessity equivocal. Nevertheless, we are preparing to take an extremely serious decision which may involve us in no end of trouble and embarrassment for a few years at least. Before taking such a decision we must be assured of the attitude which the strongest democratic power will adopt towards our activities. Even if they must make ambiguous public statements, we think that they should be prepared to offer some private explanation of the attitude which they will adopt towards the activity of the Commissions and of our position on them. The consequences for us of being involved in a difficult and politically dangerous enterprise such as this without even moral support from the United States would be serious indeed.

4. I discussed this matter with the Minister last night after our conversation with you on the telephone and explained to him your view that it would be difficult for you to secure at this point any satisfactory statement from the Secretary of State. He feels nevertheless that this is a matter of very great importance to us and one which will concern Cabinet in making its final decision and thinks therefore that you should explain fully our preoccupations to the State Department and endeavour to elucidate insofar as possible the American attitude.[21] Ends.

734.

DEA/50052-40

Le délégué permanent auprès de l'Office européen des Nations Unies au secrétaire d'État aux Affaires extérieures

Permanent Delegate to European Office of United Nations to Secretary of State for External Affairs

TELEGRAM 122

Geneva, July 23, 1954

SECRET. IMMEDIATE.

Reference: My telegram No. 121 of July 22nd.†

INDO-CHINA

1. This morning Krishna Menon and Sen, Indian colleagues in Geneva, in the course of conversation felt that no, repeat no, doubt Canada would accept to serve on the Commission. Menon said he had gone over the composition of the International Supervisory Commission with Mendes-France. Both are going to Paris this afternoon to discuss further points of detail concerning the setting up of the Com-

[21] Le Cabinet a été informé de l'invitation du coprésident de la Conférence de Genève le 22 juillet 1954, mais a reporté sa décision finale en attendant plus de détails. Seuls Pearson, McCann, Winters, Marler et Pinard ont assisté à la réunion.
Cabinet was informed of the invitation from the Co-Chairman of the Geneva Conference on July 22, 1954 but deferred its final decision until further details of the commission were available. Only Pearson, McCann, Winters, Marler, and Pinard attended the meeting.

mission and the place of the first meeting for general organizational discussions. Menon flying to Delhi on Sunday.

2. Without wanting to give the impression that it came from him, Menon thought Canada might feel New Delhi suitable as the first meeting place for the International Supervisory Commission as the capital of the country of the chairmen and also on the way to the field of operations. You may already have received a feeler from New Delhi. Indians after discussing with Chou En-Lai feel that the main Commission which would deal with Vietnam, should have delegations of five officials from each participating country headed by military officers of rank of General. Officers of lower rank could take charge of delegations — three officers from each participating country — in both Laos and Cambodia in order to prevent what they describe as a possible clash between Generals. Officers of lesser rank, one from each participating country, would be assigned to various inspection teams to be stationed at fixed points provided in agreements which number fourteen for Vietnam, eight for Laos, and five for Cambodia, plus an unknown number of officials from each of the participating countries for mobile teams.

3. This would therefore require as a minimum, 156 Canadian officials plus logistical support. Chou En-Lai's first reaction concerning number was that they would, all told, come to approximately one thousand, but Menon said he tried to bring him down to earth.

4. Indians had not, repeat not, so far secured the three texts but said they were getting them today locally through British sources.

5. As for budgets question they had no, repeat no, information and thought each delegation should be prepared to start operating at its own expense. They are wondering in fact, who will pay the representatives in spite of the provisions contained in each agreement that expenses should be borne equally by each one of the countries concerned.

6. Paris and London will presumably be in a better position from now on to inform you of details than we will be here. Offroy with whom I discussed yesterday, will be going to Paris Sunday and can be reached through the Quai d'Orsay.

DEA/50052-40

735.

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 242 New Delhi, July 23, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: My immediately preceding telegram.†

INDO-CHINA SUPERVISORY COMMISSION

Following are some of the points which have been raised in my discussions with the Foreign Secretary and the Defence Secretary who were both consulted by the Prime Minister yesterday:

(i) Though Eden-Molotov message refers to each country having "representatives" on each Commission, India's view is that each country can have only one representative on each Commission, though the representative would have alternates.

(ii) Prime Minister's tentative decision is that the three Indian representatives would be civilians who will be given Ambassadorial rank and they would have military and civilian advisers.

(iii) Some machinery will be required for coordination and liaison between the three Commissions.

(iv) *Military observers.* Is each of the three countries to provide military observers? If so would they have to operate in three-man teams?

(v) *Armed forces.* Presumably security guards will be required for the Commission and their agencies similar to the United Nations guards in Palestine. Will armed forces be required to patrol the neutral zone? Should the security guards and armed forces be contributed by each of the three countries or solely by India? My impression is that if the numbers required are only a few hundreds, India would be prepared to furnish them all. I am not, repeat not, however, clear about the extent of the responsibilities of the Commissions for maintaining law and order without which they cannot discharge their functions.

(vi) *Secretariat.* Secretariats will be required for each Commission. A mixed secretariat is, in Indian view, impossible. Their tentative suggestion, therefore, is that India would provide the secretariats.

(vii) *Headquarters.* The Foreign Secretary appeared to assume that the headquarters of the Commission for Vietnam would be in the neutral zone though other commissions could be located in the capitals of Laos and Cambodia.

(viii) Logistical support will be required for Commissions' guards and troops and for the Commissions and their employees.

(ix) Who is to refund the three countries for their expenses — presumably the members Geneva Conference on Indo-China.

(x) How do the Commissions take up problems with the members of this Conference? Would it not, repeat not, be wise for the Geneva Conference to establish some secretariat?

(xi) What is the status of the United States in relation to the Commissions since it did not associate itself with the crisis?

2. To permit India to provide armed forces and secretariats might give them opportunities to exert undue influences. This has to be weighed against the disadvantages of Polish participation. Much depends on whether India's chief representatives are susceptible to pro-Chinese influences.

3. Before India accepted the responsibility of Korea it sent an advance team to Korea under the Foreign Secretary. He is contemplating suggesting that an advance team be sent to Indo-China but he has not, repeat not, yet worked out the relation-

ship between this suggestion and the suggestion for a preliminary meeting of the principal representatives in New Delhi.

4. Foreign Secretary would welcome your preliminary comments on the matters raised in this and previous telegrams.

DEA/50052-40

736.

Le secrétaire d'État aux Affaires extérieures au haut-commissaire en Inde

Secretary of State for External Affairs to High Commissioner in India

TELEGRAM 238 Ottawa, July 24, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Your Telegram No. 242 of July 23 and preceding telegrams.
Repeat London No. 1062; Paris No. 367.

INDOCHINA — SUPERVISORY COMMISSIONS

We are grateful for your reports and comments on Indian thinking. In this message we shall deal only with organizational arrangements which are the most urgent problems.

2. We are prepared to agree to the Indian suggestion, if the Canadian Government accepts membership, and would send representatives to New Delhi for preliminary organizational discussions who would not be the eventual Canadian representatives on the Commissions. The Minister had thought of asking Cabinet for a final decision on July 28 but Indian and Polish acceptances may require earlier action. We would try to meet the date of August 1 for the first meeting if it proved generally acceptable.

3. Our thought is that a small military and civilian team should go to New Delhi and thereafter proceed to Saigon to establish a Canadian headquarters, as this city would appear to be the most convenient centre of internal and external communications in Indochina. We would expect this team, in addition to military people concerned with administration and communications, to include a senior officer from this Department, who would return to Ottawa, and at least a junior officer and a clerk who might remain in Saigon as the nucleus of an office that would serve as an administrative centre for Canadians in Indochina and maintain such political liaison as may be required. Because of shortness of notice it is unlikely that we can send other departmental personnel at once.

4. There is one point which we should like you to discuss with the Indians. We wonder if there is not merit in having a single individual named as Chief Representative to each of the three Commissions, who would have three deputies. It seems to us that this might make for better coordination of Canadian (Indian, Polish) action. The Commissioner could attend meetings of whichever of the three commissions seemed most important at the moment and would be represented at the

other two by deputies. Transportation difficulties might of course make this impractical. Ends.

737.

DEA/50052-40

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

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

TELEGRAM 875

London, July 24, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Your telegram No. 1045 of July 22.

SUPERVISORY COMMISSION, INDO-CHINA

1. Although the Foreign Office have tried to be helpful, it is evident that little if any thought was given at Geneva to the practical questions involved in bringing the Commission into operation, or to the exact nature of its composition. It was only at a late stage for example, that owing to the refusal of the Cambodians to accept any co-ordinating body, the formula was adopted whereby the heads of the respective secretariats were to be charged with this function. So far as we know, the secretariats had not been mentioned before, and no provision is made for their composition, though presumably the positions of Secretary-General would be distributed between the three participants.

2. It looks therefore as though we are pretty much on our own now in working out the ways and means of setting up the Commissions, with primary responsibility resting on the Indians, as chairmen. They too are seeking guidance, and R.K. Nehru has asked what the implication is of the words "in consultation with the governments of Canada and Poland" in paragraph 2 of the invitation, and in particular whether level of representation was expected to be a matter for consultation or whether this simply meant that practical arrangements for a secretariat, etc, were to be agreed in consultation between the three governments. C.R.O. have had no more success than we in finding answers to such questions, and I think we must assume that everything is subject to consultation between the three member governments that is not specifically provided for in the Agreements.

3. This brings us up against the problem of the Poles and I can see no other course (assuming they accept) than for the Indians to invite them and ourselves to settle the preliminary details. Looking at it from here, I should be inclined to favour New Delhi as the meeting place since India, as Chairman, could logically convene an organization meeting there, and I should think it advisable to have the Poles brought in as early as possible.

738. DEA/50052-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1302 Washington, July 24, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Your EX-1263 of July 22.

INDO-CHINA SUPERVISORY COMMISSIONS

The Acting Under-Secretary's telegram under reference was received after my telephone conversation with you of the afternoon of July 22. This conversation elaborated and to some extent modified the sense of EX-1263. As agreed, I arranged to see the Deputy Under-Secretary which I did yesterday afternoon July 23. I immediately afterward reported over the telephone to MacKay.

2. Paul Sturm, former United States Consul in Hanoi and on temporary duty in the Department for Indo-Chinese Affairs, was with Murphy; McCardle accompanied me. The conversation was friendly and informal, but I asked Murphy to communicate its substance to the Secretary of State. I said that, when the Canadian Government had made their decision, I would want to call on Mr. Dulles himself. I would also wish to see the Under-Secretary sometime next week. He had returned from Europe that morning.

3. My object in waiting upon the Deputy Under-Secretary, I said, was to inform the United States Government that the Canadian Government were considering the serious problems posed by the invitation from the Geneva Conference to join with India and Poland in constituting Supervisory Commissions for the execution of the Geneva Agreement. As yet, much of the information necessary to a decision had not been received in Ottawa. We had not been consulted in advance and we certainly had not sought all the pain and grief which we realized would inevitably be involved in undertaking this task. If we decided to do so (and I indicated that the government were so disposed) we would do it as a matter of stern international duty. We had no illusions as to the extent and complexity of the political difficulties which would be encountered, to say nothing of the administrative problems of all kinds which we would have to face in an area of the world where we had neither experience nor any framework of representation.

4. If the government decided to accept membership on the Commissions, I went on, we would wish to keep the United States Government informed privately of the course of events. This we felt we could do quite properly without impinging upon our international responsibilities as members of the Commissions. For reasons we understood the [U.S.] government had felt compelled to dissociate themselves from the Geneva settlement; nevertheless, we knew that their interest and concern in what took place in South East Asia would continue to be very close.

5. Then I went on to put three questions, to the first two of which I said that I did not expect answers off the bat. In the first place, we were not at all sure how the United States Government regarded their own relationship to the Geneva settlement in view of the formal dissociation with it which had been made by Bedell Smith (and subsequently, of course, by the President). Did they, for example, consider themselves as part of the Geneva Conference to which the International Commissions were under certain circumstances required to report? Second, did they have any views concerning the way the Commissions should operate? We were not asking for their advice, but if they had any observations to offer we would be glad to take them into account. Third, the State Department must have a good deal of practical local knowledge concerning conditions in the Associated States. Would they be willing to let us have such information as would be helpful for us in establishing our representation out there? Post reports, for instance, would be very useful since we had, I thought, almost nothing of the kind in Ottawa.

6. It was clear, I think, that Murphy welcomed my call and the information which I conveyed to him concerning the Canadian Government's position as outlined above. He was very much surprised that we had not been consulted in advance concerning membership and had obviously assumed that we must have been. He expressed himself as appreciating completely the need for the government to have time and more information before making their decision. He was clearly grateful for the suggestion that we should keep them informed of how things went. He said that the State Department would be very happy to provide us with whatever local information we thought would be useful.

7. Murphy's response to my question (somewhat slantingly posed, I admit, because I did not think we should appear to be seeking United States advice on this) whether we had any real option other than to accept the invitation from the Conference was pretty reserved even for him. But he did say that the United States would be a good deal happier to have us on the Commissions rather than others and that it would certainly be a grave responsibility for us to refuse to serve. And there was not the slightest suggestion at any point in our conversation that our acceptance would be in any way resented by the United States Government. As I said to Murphy, we realized that, if we took the job on and discharged it conscientiously as we would do, we would be subject to criticism from our friends as well as others. On this score we had no illusions.

8. McCardle will be getting from Sturm a good deal of the information which the United States authorities have about the Commissions' set-up, and we will be sending you in an early teletype such items as we think may be helpful in helping you reach decisions about how to proceed in setting up our teams. We shall also hope to send on next week by bag whatever we get from the State Department about local conditions in Indo-China. Meantime, I would be grateful if you would let me know whether you agree that, once the government's decision is taken, I should see the Secretary of State himself; if so, I would be grateful for such additional guidance as you can give me concerning what I should put to him.

739. DEA/50052-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 251 New Delhi, July 26, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Your telegram No. 238 of July 24.

INDO-CHINA SUPERVISORY COMMISSIONS

The Foreign Secretary's personal reaction to your suggestion in paragraph 4 is that this is a sound proposal. His only hesitation is that this might offend the susceptibilities of Laos and Cambodia who would realize that the Commissioner would be spending most of his time in Viet Nam. You may, therefore, wish to sound out the French Prime Minister on this.

2. Because of the susceptibilities of Laos and Cambodia, he doubts there can be any single headquarters for the three Commissions. So far as the Commission for Viet Nam is concerned, he thinks the Viet Minh would not, repeat not, agree to Saigon and that Hue might be more suitable because it is more central, is close to the demarkation line and could perhaps be neutralized.

3. Foreign Secretary questions, as I do, date set forth by Krishna Menon as reported in the last sentence of my telegram No. 246 of July 24th.† It seems to us that the Commissions and their agencies must be installed sooner than twenty-two days to thirty-seven days after the cease-fire.

4. The task of top priority is obviously the setting up of the military inspection teams, since all investigations have to be made by these teams. Foreign Secretary estimates that about 35 officers of about the rank of Major will be required by India for the 25 fixed teams and an unknown number for the mobile teams.

5. On the Repatriation Commission in Korea, India maintained that the Indian Government was Chairman of the Commission, not Thimayya. The Swedes maintained that the Swedish representative was serving in his individual capacity. Foreign Secretary suggests New Delhi meeting might decide this point in respect of the Indo-China Commissions.

6. Recommend our representatives to the meeting in New Delhi bring with them the French text of the Agreement as well as the English text since the French text may clarify some obscurity in the English text.

740.

DEA/50052-40

L'ambassadeur au Mexique
au secrétaire d'État aux Affaires extérieures

Ambassador in Mexico
to Secretary of State for External Affairs

TELEGRAM 61

Mexico City, July 27, 1954

CONFIDENTIAL

COMMISSION FOR INDO-CHINA

Following for the Minister from Léger, Begins: I had a conversation with Grafstrom, Swedish Minister here, who wished me to let you know in the light of his own experience on official Commissions he believed Canada would be placed in impossible position were it to agree to serve with India and Poland on the Commission for Indo-China. His view is that position of Canada would even be more difficult than that of Sweden or Switzerland since they, at least, were two to face the intransigency of the Communists and the ambiguity of India. He foresees a serious danger that on many vital issues Canada will be left alone to oppose the two other members of the Commission. Ends.

741.

DEA/50052-40

Le secrétaire d'État aux Affaires extérieures
au haut-commissaire en Inde

Secretary of State for External Affairs
to High Commissioner in India

TELEGRAM 243

Ottawa, July 27, 1954

CONFIDENTIAL

INTERNATIONAL SUPERVISORY COMMISSIONS

In the expectation that Cabinet will agree tomorrow to Canadian participation, plans have been made for R.M. Macdonnell to proceed to Delhi arriving probably July 31. He will be accompanied by Air Commodore Rutledge, Coordinator of the Joint Staff. Ballachey and Finnie of this Department will follow and proceed later to Indochina to form part of the permanent establishment. Macdonnell will assist you in the Delhi meetings and then proceed to Indochina to make necessary arrangements there before returning to Ottawa. Neither he nor Rutledge will be part of the permanent establishment. We fully recognize the desirability of sending to the preliminary negotiations those who will be working with the Commissions, but it has not been possible to make any firm appointments yet especially as we are still in considerable doubt as to the kind and status of people who will be required. The problem of inoculations would also delay the despatch of personnel from Ottawa

but General Foulkes hopes to send as many people as possible from Korea for the early stages at least.

2. Brigadier R.E.A. Morton, Military Attaché in Tokyo, has been instructed to proceed immediately to Delhi to assist in the discussions there and act temporarily in Indochina as representative of the Chiefs of Staff pending a more permanent establishment.

3. National Defence representatives will bring with them cypher equipment and staff.

4. You will be notified of travel arrangements when they are firm.

DEA/50052-40

742.

Le sous-secrétaire d'État par intérim aux Affaires extérieures au sous-secrétaire d'État adjoint aux Affaires extérieures

Acting Under-Secretary of State for External Affairs to Assistant Under-Secretary of State for External Affairs

CONFIDENTIAL Ottawa, July 28, 1954

LETTER OF INSTRUCTIONS TO CANADIAN REPRESENTATIVES TO THE NEW DELHI MEETINGS ON INDOCHINA

Dear Mr. Macdonnell:

I would be grateful if you would take with you to New Delhi this letter of instructions for the guidance of Mr. Reid and yourself in the discussions with representatives of the Indian and Polish Governments on the setting up of the International Supervisory Commissions for Indochina.

2. As you know, you will be accompanied by Air Commodore Rutledge, Coordinator of the Joint Staff, and Brigadier Morton, Canadian Military Attaché in Tokyo, will be proceeding directly to New Delhi to take part in the discussions. Air Commodore Rutledge will no doubt be taking with him his own instructions relating to the military aspects of the problems to be discussed in New Delhi. You should, therefore, discuss with him and Brigadier Morton those parts of these instructions which relate to service matters, particularly as there has not been time for detailed discussions on these matters with National Defence in Ottawa.

(1) *Judicial Impartiality*

3. While it will no doubt be assumed — and correctly — that Canada's representatives on the three Commissions will reflect a Western outlook in their approach to the problems which the Commissions will have to solve, it is important that they should at all times do their utmost to maintain an attitude of judicial impartiality in the performance of their duties. In particular, it would seem to be imperative that we should impress upon the Indians our attitude of objectivity and fairness so that, when the Commissions have important decisions to take, we could hope that they would give our views serious and favourable consideration, particularly when majority reports will have to be submitted to the Geneva powers.

4. While we do expect to keep our friends and allies, when appropriate, informed of the work of the Commissions, we do not intend thereby to let them direct our decisions. Moreover, in accepting to participate, we have not taken it upon ourselves to favour any cause or interest, other than seeing to it that the Geneva Agreements are properly executed. In the circumstances, every reasonable effort should be made to avoid giving the impression of partiality in the performance of your duties.

(2) *Practical Limitations on Canadian Participation*

5. There is a limit to what a country of Canada's resources and population can do in Southeast Asia. Our commitments are already heavy and existing undertakings, such as those at NATO or in Korea, are such as to circumscribe Canadian participation in some phases of the Commissions' operations, e.g., personnel, logistical support, communications equipment.

(a) *Composition of the Commissions*

6. We should hope, as much for reasons of flexibility and efficiency within the Commissions themselves as for our already heavy personnel commitments elsewhere, that it would be possible to restrict the number of personnel on each Commission and on the inspection teams to the basic minimum consistent with the proper discharge of their functions. It would, for instance, be extremely difficult for the Department of National Defence to have to provide several hundred officers and men for this task over and above existing commitments. For our part, moreover, the personnel problems of this Department are now such as to preclude the possibility of providing large numbers of Foreign Service Officers as political advisers for our Commissioners, to say nothing of stenographic and clerical staff.

(b) *Logistical Support*

7. For much the same reasons, we would not wish to find ourselves in the position of being asked to provide the major part of the Commissions' logistical support and communications equipment. We are of course willing to do our share and indeed the Department of National Defence is giving this aspect of the matter its urgent attention. However, it would seem to us that the basic part of such equipment as may not be readily available on the ground in Indochina for these purposes might more expeditiously be supplied by India, as the geographically closest participant, since the Commissions are expected to be operational at an early date.

8. In the preliminary discussions which are about to get under way in New Delhi concerning organizational and operational arrangements, such as those carried in the remainder of this letter, I should be grateful if you would bear these general thoughts in mind.

9. Listed below are a number of topics which will presumably be discussed in New Delhi, together with brief comments suggesting our preliminary views in each case. This commentary is not exhaustive, and there will no doubt be a number of subjects which will come up in New Delhi which have not been touched upon here. In dealing with matters of this kind it will be necessary for you to use your own discretion in expressing the Canadian point of view. Where possible you should, of course, seek instructions from Ottawa before taking a definite stand on controversial points.

10. *Commissioners.* The principal problem here seems to be whether the commissioners should be military or civilian. The Poles have already nominated three civilians to fill their commissionerships; the Indians now seem to incline to the view that the commissioners should be military. We are inclined to this view ourselves, though the best solution may be to leave the matter optional to the appointing governments. We have no strong views, however, and will be glad to consider reasonable proposals. We would like to have the earliest possible advice as to when each of the three commissioners we will be supplying will be required for duty, as well as any assistants they will need.

11. *Status of Representatives.* The cease fire agreements say that the International Commissions shall be composed of representatives of Canada, India, and Poland. The states concerned are not members of the Commissions, nor are the individual representatives merely nominated by the states concerned to act in their personal capacities. Circumstances will require that the Commissioners deal with situations expeditiously on their own initiative, but we assume that each will be acting on general instructions from his government and advice provided from time to time. The Commissioners will in fact be delegates with full powers, and at no time should it be necessary for the work of any Commission to be held up until instructions can be obtained from the governments concerned. Nevertheless we consider that it will be essential for each Commissioner to have secure means of communication with his own government. We trust that the arrangements that will be made to provide for this will enable our Commissioners to pass confidential communications to each other without delay.

12. *Liaison between the Commissions and the Geneva Conference Powers.* This is a matter of procedure which should normally present no serious problems. Since the invitations to India, Poland and Canada were issued by Messrs. Eden and Molotov, and since the two co-chairmen of the Geneva Conference on Indochina have undertaken to inform the other Geneva Conference powers of the replies to the invitations, they may be prepared to continue to act in a liaison capacity between the Commission powers or the Commissions themselves and the Geneva Conference powers. If so, the Commissions, when desiring to report to the Geneva Conference powers, could simply address identical communications to Messrs. Eden and Molotov, with the request that they be transmitted to the other Geneva Conference powers. This would get around for the moment the difficulties posed by the equivocal position of the United States. This liaison procedure would presumably have to be confirmed by the United Kingdom and the Soviet Union, which India, as the chairman country for the commissions, could appropriately arrange. It would be for the United Kingdom and the Soviet Union to determine whether any continuing secretariat for the Geneva Conference would be necessary.

13. *Liaison between Commissions.* This should present no special problems, and we see no reason why any elaborate liaison organization or joint secretariat need be set up. The Commissions should be able to communicate directly one with another by telegram. In addition, a courier service will probably be required by each Commission, and some arrangements may have to be made with the governments and commands concerned to ensure that the couriers can carry Commission documents from one headquarters to another without delay or interference. These arrange-

ments might be worked out with Cambodian, Laotian, Vietnam and Vietminh representatives in New Delhi. If a joint secretariat or liaison organization is considered necessary, the question of its location will arise. Saigon may be considered a desirable location because of its communications facilities, but we believe that no decision on this should be taken before careful consideration is given to the possible consequence of agreeing to an arrangement which would enable large groups of Poles to establish themselves in Saigon.

14. *Secretariat.* We believe that since India is to be the chairman country, and in view of India's relative closeness geographically, the Indians should supply virtually the entire secretariats of the three Commissions. We are inclined to think that for purposes of coordination between the three Commissions, it would be desirable for the titular Secretary-General in each case to be an Indian. This would avoid the question of appointing a Pole to one of these positions. We would like to be in a position to nominate Canadians to occupy positions in the three Secretariats where they could observe operations and ensure that the Canadian view is adequately presented. It may be that Canadians would be helpful in dealing with French language matters, but we would not be satisfied with just being assigned interpreterships. We have no strong views on the number of deputy Secretaries-General in each Commission or their distribution. The discussions may indicate whether the position of deputy Secretary General will be an appropriate one for a Canadian nominee to hold in order to ensure that Canadian views are properly taken into account.

15. *Liaison with Commands.* Some special communications arrangements may be necessary to enable the Commissions to keep in touch with the various commands. We would hope that this will form part of the work of the secretariat, and that any special communications units which may be required will be provided by the Indians.

16. *Inspection Teams.* This will be a matter of primary concern to the Defence authorities, since the personnel of the teams is likely to be almost exclusively military. We believe that there should be a full discussion of the functions of each of the fixed teams for the points listed in the cease fire agreements. Representatives of France, Laos, Cambodia, Vietnam and Vietminh should be able to provide detailed information concerning the military situation in the vicinity of each point, logistical problems, etc. Out of this discussion some reasonably firm ideas as to the numbers of officers required, their ranks, specialist qualifications, etc. and whether air force and naval components may be required for air and sea ports, should emerge. It should also be possible to determine to some extent the likelihood of increases or decreases in the work of the fixed teams as the terms of the agreements are progressively carried out. This discussion could be followed by a discussion of the requirements for mobile teams, and the extent to which mobile teams can be drawn from reserve personnel on the fixed teams. In all these discussions you will bear in mind our desire to minimize our personnel commitments as far as possible.

17. *Security Guards.* We are of the view that all headquarters sentries as well as mobile guards for inspection teams should be provided by India. You will bear in mind that we will wish to have some satisfactory security arrangements for Cana-

dian classified documents at the three Headquarters and at our own liaison office in Saigon.

18. *Language.* There will presumably be some discussion of working and official languages for the Commissions. In practice it would seem likely that communications from the commands will probably be in French, and for the efficient despatch of business it will clearly be desirable that all communications from the Commissions to the commands be in the same language. Each Commission will presumably wish to determine its own working language or languages. If a Polish Commissioner is unable to work in either English or French, we would assume he would provide his own translators or interpreters. We would not wish to see Polish recognized as an official language. It seems likely that there will be a need for French-English interpreters and translators, both in the Commissions and with the field teams. It is quite possible that the Indians and Poles may urge that Canada produce such personnel, in which case it will be necessary to bear in mind how difficult it will be to obtain satisfactory people on short notice for work of this kind in Indochina. We certainly could not make a broad commitment to find translators and interpreters without very careful investigations first.

19. *Finance.* As we want our own representatives in Indochina to do a fair amount of reporting in our own interest, it is desirable that the cost of salaries and travel of our own personnel and communications between our personnel and Ottawa be borne by the Canadian Government. We hope that the parties directly concerned will be providing board and lodging and transport facilities for Commission and inspection team personnel. The costs of the secretariat, security guards and supplementary communications might be covered in part at least by the United Kingdom-France-China-USSR fund which has been agreed upon in principle.

20. *Reporting.* In sending reports on the New Delhi meetings, and subsequently from Saigon, you should bear in mind our obligation and desire to keep the United Kingdom, Australia, New Zealand, the United States and France informed. To simplify our task in this regard, it might be helpful if you were to send reports in a form which could be shown to these Governments. Please inform us what information has been given to the local representatives of these Governments. Any further comment which you might wish to add of a more restricted nature might be sent in a supplementary telegram marked "for Canadian eyes only". We are studying the possibility of setting up a separate series of communications along the lines of CRO Circular telegrams which would facilitate the transmission of information on the Indochina operation to our friends, and will notify you of any procedural changes in communications which might be required in this connection.

21. *Interpretation of Agreements.* We have not had sufficient time to study the texts of the agreements to offer you any helpful commentary on their interpretation. Any views which we believe can be helpful to you on this subject will be passed to you subsequently.

22. *Office in Saigon.* In any mention you make to the Indians and Poles of the office we plan to open in Saigon, you should refer to it as a liaison office for administrative purposes. No reference should be made to its quasi-diplomatic func-

tions, and neither the Vietnam not French representatives should be given the impression that we are planning to open a diplomatic mission in Saigon.[22]

23. You will be proceeding to Saigon after the conclusion of the New Delhi talks. It would be appreciated if you would send us as much advance notice as possible as to the personnel and other requirements for opening the office there, and any other information which will be of assistance to us in making arrangements for the despatch of our Commissioners and their staffs.

My best wishes to you and Mr. Reid for the success of your mission.

Yours sincerely,

R.A. MACKAY

743.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

...

[Ottawa], July 28, 1954

INDO-CHINA; MEMBERSHIP IN INTERNATIONAL SUPERVISORY COMMISSIONS FOR VIETNAM, LAOS AND CAMBODIA

6. *The Secretary of State for External Affairs*, referring to discussion at the meeting of July 22nd, said that, after studying the Indo-China cease-fire and armistice agreements which had been drawn up at the Geneva Conference, he was satisfied that the procedures envisaged by these agreements were workable and might result in a permanent settlement of the Indo-China problem. It was to be noted, particularly, that certain serious weaknesses in the Korean arrangements had not been repeated here. For example, under the Korean scheme, there were an equal number of Communist and non-Communist members, whereas the Indochinese arrangement involved the establishment of three International Supervisory Commissions, one each for Vietnam, Laos and Cambodia, and each Commission to consist of one member from India, Poland and Canada, with the Indian member the chairman in each case. These Supervisory Commissions would themselves have no enforcement obligations or responsibilities. Their functions would be solely supervisory, judicial and mediatory. Under Indian chairmanship, the Commissions would be responsible for supervising the proper execution of the provisions of the agreements by the two sides directly concerned functioning through joint commissions established by the armistice agreements. The Supervisory Commissions would assist the two parties in the interpretation of these provisions, would be available to settle the disputes

[22] Lorsque la Commission internationale de surveillance et de contrôle au Vietnam a ouvert son bureau à Saigon en décembre 1954, le ministère des Affaires extérieures a rapidement envoyé A.R. Crépault y ouvrir un bureau de liaison pour le Canada.
When the International Commission for Supervision and Control for Vietnam opened an office in Saigon in December 1954, the Department of External Affairs promptly sent A.R. Crépault to open a Canadian liaison office.

and, in cases where disputes could not be settled, would report back to the members of the Geneva Conference. It was also expected that India, Poland and Canada would later be asked to assume responsibility for supervising elections.

The cease-fire and armistice agreements provided that the Supervisory Commissions would, in most cases, function by majority vote. It was only in matters concerning violations or threats of violation, which might lead to a resumption of hostilities, that the votes had to be unanimous. In such cases, and in the event unanimity could not be secured, the Commissions would submit majority and minority reports to the Geneva Conference for decision.

In addition to providing representatives for each of the three Supervisory Commissions, India, Poland and Canada would supply a number of military officers for fixed and mobile inspection teams which would supervise the execution of the cease-fire agreements in the field, under the direction of the Supervisory Commissioners.

In these circumstances, he felt that Canada should now formally accept the invitation to serve on the three International Supervisory Commissions, notwithstanding that the task to be performed would be exceedingly difficult, that the work of the Commissions would last for at least two or three years, and that Canadian participation would involve the commitment by the services of a relatively large number of Canadian civil and military personnel.

7. *In the course of discussion*, the following points emerged:

(a) Information had been received that both France and the United States were anxious that Canada accept the invitation. The United States did not propose to take any active part in settlement of the Indo-Chinese dispute, but welcomed Canadian representation on the Supervisory Commissions, as this would enable the United States to be kept reasonably well informed as to the progress being made on armistice arrangements. It seemed clear that if Canada did not accept the invitation, the whole difficult problem would be thrown open again without any assurance that a new panel of member countries could be devised which would be acceptable both to the Communist and to the Western countries.

(b) It was not unlikely that Canadian participation in the settlement of the Indo-Chinese dispute had first been suggested by India. In any event, there was probably no other Western country in a better position than Canada to work harmoniously and effectively with India.

(c) There were several factors which might lead to the conclusion that the Indo-Chinese armistice might be settled permanently under the procedures devised by the Geneva Conference. In the first place, these procedures would not likely give rise to the series of deadlocks which arose under the Korean arrangements. Furthermore, the Chinese had now demonstrated that they could defeat the white man and probably did not wish to resume fighting in Indo-China. This attitude was no doubt reinforced by the possibility that completely free elections would produce Communist regimes in Indo-China.

(d) It was suggested that the only hope of salvation for Asia was the election of truly national governments. For this reason, it was important that free elections be

held in Indo-China even though such elections might result in the establishment of Communist regimes.

(e) It was noted that Canadian membership on the Indo-Chinese Supervisory Commissions would place Canada in a very difficult position, in view of the fact that the United Kingdom and the United States were so sharply divided in their policies regarding settlement of this issue.

(f) It was further noted that acceptance of the invitation to serve on the Supervisory Commissions did not flow directly from Canada's membership in the United Nations. In normal circumstances, a matter of this kind would be submitted to Parliament. However, a decision had to be taken urgently and it seemed clear that the government should accept the responsibility to serve in this case since such acceptance would likely prevent further bloodshed in Indo-China.

8. *Mr. Pearson* submitted a draft statement he proposed to issue to the press in the event the government agreed to accept the invitation of the Geneva Conference.

9. *The Cabinet* agreed that the invitation of the Geneva Conference that Canada serve with India and Poland on the three International Supervisory Commissions for Vietnam, Laos and Cambodia be now formally accepted and that an appropriate announcement be made immediately to the press by the Secretary of State for External Affairs.[23]

744.

DEA/50052-40

Le chargé d'affaires de l'ambassade aux États-Unis au secrétaire d'État aux Affaires extérieures

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

TELEGRAM WA-1343

Washington, July 30, 1954

SECRET

Reference: Our teletype WA-1302 of July 24.

INDO-CHINA SUPERVISORY COMMISSIONS

I had an hour's discussion with Bedell Smith this morning, July 30, which I think was more fruitful than that which I had earlier with Murphy. McCardle was with me. I summarized the points which I had put to Murphy and the question which I had asked him (our telegram under reference). With a few additional questions from our side this proved sufficient to loose a number of interesting views from the Under-Secretary. I must confess that some of his views, which I would

[23] Voir Canada, Ministère des Affaires extérieures, *Affaires extérieures*, volume 6, N° 8, août 1954, pp. 265-268.
See Canada, Department of External Affairs, *External Affairs*, Volume 6, No. 8, August 1954, pp. 257-259.

regard as particularly well-informed, make the Canadian task seem even more difficult.

2. *Relationship of the United States to the Geneva Conference Declaration.* Smith pointed out the obvious, that the United States did not subscribe to the Geneva Conference Declaration but simply promised in its unilateral declaration not to upset the resultant Indo-China armistice by the use of force. The United States Government however because of its general interest in the area and particularly because of its efforts to promote a defence organization directed primarily to the security of the area, would of course hope to be kept informed of developments arising out of the work of the Supervisory Commissions which will be of vital importance to the stability and security of Southeast Asia. Smith said that he was awaiting the advice of experts in the State Department as to the legal position of the United States in relation to Article 13 of the Conference Declaration. He thought, however, he could with some assurance give us an idea of the likely United States attitude on this matter.

3. The Geneva Conference had not operated as a voting conference. Objection to any proposal of importance by any member was sufficient to block agreement on the proposal. The United States had never liked the conception of the Geneva Conference existing as a body outside of the United Nations with continuing responsibility for Indo-China and Korea, and had refused to subscribe to that view during the course of the Conference. That attitude, he thought, would be maintained in the United States view, when the Supervisory Commissions were unable to reach unanimous agreement on an important matter they would have to report to all of the *individual* governments who had participated in the Conference at Geneva. The United States Government, for its part, despite its dissociation from the settlement would not be embarrassed by the receipt of such reports; in fact, Smith was of the opinion that the United States Government would expect to get such reports from the Commissions "automatically" along with the other eight governments. He thought, in addition, that the United States Government should be prepared to express its view on any report which was referred to it by the Commissions. He even believed that the United States Government could legitimately offer opinions on the work of the Commissions on its own initiative and not merely as the result of actual references. This did *not* mean that the United States would consult with the other members of the Conference to effect a solution; the United States Government could not, for reasons which were well known. On the other hand, the United States Government would, he thought, consult privately with the non-Communist members of the Conference. He said he thought we could assume that views which led to an impasse in the Commissions would be reflected in the views which the Commissions would receive from the nine governments; for that reason the Commissions would have to "write their own ground rules."

4. These opinions expressed by Bedell Smith cannot give us much comfort. They were given to us frankly as arising out of the facts of life as the Geneva Conference revealed them. I must stress, however, that they were given to us in sympathetic terms. If Smith's personal attitude is any guide, we can expect co-operation from the United States within the hard limits imposed by circumstances, in the tasks which face us as a member of the Supervisory Commissions.

5. *Prospects for the Commissions' success.* Smith was not too sanguine that the Geneva Conference had produced a happy solution to the Indo-China problem and he thought the Commissions would be faced with extreme difficulties in their operations. It could be assumed that the Poles would vote the Communist line. In his opinion the Communist line would be overtly reasonable but directed at the covert subversion of the three Indo-Chinese states if not in two years at least as a long term aim. The Communists might be content in the short-term to neutralize the three states but he thought that their aim would be to leave them impotent to resist outright Communist control. At first glance, the work of the Commissions might be regarded as simple in that they had rather restricted functions of supervision of the cease-fire terms rather than guarantee or enforcement functions. Set against the political background, however, their operations would be anything but simple.

6. The Commissions would be faced with three different situations arising out of the degree of sovereignty which now seemed to exist for Viet Nam, Laos and Cambodia. Smith thought that this was one of the first problems which would arise. Cambodia, because of the forthrightness of its representatives in the closing hours of the Geneva Conference was left legally with almost complete sovereignty, Laos with somewhat clouded sovereignty and Viet Nam with highly disputable sovereignty. Cambodia might claim the right to do whatever it liked with respect to foreign military assistance. On the other hand, there would be a quandary as to whether, for example, the United States Military mission now in Viet Nam could stay.

7. The other obvious problem which could be expected to arise immediately concerned the decision as to whether unanimity of opinion was required on a particular subject. He thought we should not forget that the "built-in veto" in these circumstances might be as useful to the non-Communist cause as to that of the Communists even though he was certain that Canada, for example, had as little stomach for the use of such tactics as did the United States. Aside, then, from the ever-present obstructionist tactics of the Communists, the important facts in the success or lack of success of the Commissions would be the strength of the Canadian and Indian attitudes. This in turn suggested the great importance of the Indian stand, in Smith's view, since he was certain that the United States Government would respect the "conscience" of the Canadian representatives. He hoped that the senior Indian representative would not only be objective but also that he would have the ear of Mr. Nehru. Smith said that he was not nearly as concerned with the Indian record as were some of his colleagues. He had had a toting up made of Indian votes in opposition to the United States on important issues in the United Nations and was prepared to regard the attitude that India always voted against the United States as "poppycock". His personal views on where India stood, however, did not blind him to the fact that an Indian representative could be chosen who would be biased in favour of the Communist side.

8. "*Secret*" *agreements.* We were led by vague suggestions of possible secret agreements additional to the cease-fire agreements appearing in the telegrams which you have referred to us, to ask Smith if he had any knowledge of hidden agreements which might exist between the French and the Vietminh. He said he knew of none and that he had had the solemn promise of Mendes-France that the

United States would be kept informed of all agreements made with the Communists. He believed that confusion might have arisen in some minds with respect to secret agreements as a result of the extremely private talks which the French had with the Communists in the course of the military staff meetings. He said that these talks had gone on for some weeks and that they, rather than United States absence from the Geneva Conference, had been responsible for the recess in the Conference activities.

9. At this stage of our conversation he added that it was his conviction that Chou En-Lai's visit to India and Burma in the course of the recess had materially affected the outcome of the Conference. Smith had been convinced that Molotov was prepared to see the French effort at negotiations fail and the over-turn of the Mendes-France government. In Smith's opinion the "straight talk" which Chou En-Lai had been exposed to in India and Burma swung the balance and permitted the Conference to continue. It was a question, of course, as to whether one could think of the Conference as successful. In any case, it was only after Chou En-Lai's return to Geneva that progress was made in the private discussions between the French and the Communists. Smith said it was possible that specific views exchanged in the French-Vietminh talks might come to haunt the operations of the Supervisory Commissions, but he repeated his belief that there was nothing in the way of secret agreements entered into by the French.

10. Smith was obviously impressed with the sincerity and probity of Mendes-France, but was concerned that his lack of experience in Foreign Affairs might cause him to have to rely on civil servants in whom, Smith at least did not have the same confidence. He thought it unlikely that De Margerie, for whom he had great respect, would be closely associated with Mendes-France because of his former close association with Bidault. This would suggest the rise in influence of Parodi of whom Smith has no very high opinion. He had known Parodi on occasion to work directly against the policy of his government, a luxury which, said Smith, was not allowed to civil servants.

11. *The character of the Commissions' activities.* We asked Smith how he would regard the division of labour in the Commissions' operations between civilian and military representatives. He said he did not think that the basic intention of the agreements were military in character. It was unfortunate in his view that the International Commissions had not been given supreme authority over the implementation of the cease-fire agreements. The United States delegation had tried hard but without success to bring about this result. Smith prophesied that there would be a good deal of trouble because of the lack of clear-cut authority on the part of the International Commissions over the Mixed Commissions. The latter could be expected to be in continuous disagreement among themselves. He thought it would be extremely useful if by some means or another the International Commissions could gain some recognition as having a quasi-judicial role with respect to disputes which would inevitably arise in the Mixed Commissions, although he realized that this would be a difficult, if not impossible, job. Smith was not impressed with General Salan, the Senior French Military Representative on the Mixed Commissions. He thought he was a man entirely lacking in determination.

12. Once again, in Smith's opinion, the success or lack of success of the Commissions' activities would depend in large measure on the Canadian and Indian representatives. The situation suggested that the service representation from these two countries should be made up of senior and experienced officers prepared to outmanoeuvre or out-wait Communist obstructionism. Smith believed that the need for military services was immediately apparent aside from the service representation at high levels on the Commissions. He believed that medical units, communications units, supply and transport units, as well as security guards would have to be provided.

13. *Service of Experts*. We asked Smith's opinion on Reid's suggestion that an approach might be made to the United Nations for the service of experts on Southeast Asia. Smith thought that this would be a good idea and would in fact fit the United States view that the United Nations should be associated, wherever possible, with the settlement in Indo-China. He expected, however, that any such suggestion would not be accepted by Communist China. As things stood the three governments who would serve on the Commissions had been requested to serve by the members of the Geneva Conference. The situation was quite different from that which had applied in Korea where the Neutral Nations Supervisory Commission members had served under the aegis of the United Nations and not necessarily as representatives of their governments. It was clear that the representatives to the Indo-China Supervisory Commissions would serve as representatives of their governments and this might make difficult acceptance of the view that outside experts could be employed.

14. *Relationship to the United Nations*. In reading carefully the statement issued by the Canadian Government at the time of its acceptance of the invitation to serve in Indo-China (your press telegram 10 of July 29),[24] as we requested him to do, Smith expressed his personal satisfaction at the indication of Canadian regret that the settlement in Indo-China was not directly under the aegis of the United Nations. The United States delegation to the Geneva Conference had made every effort to have the settlement brought under United Nations surveillance but the Communists successfully resisted this move. Smith pointed out that Krishna Menon himself had offered a formula which the United States had supported but which had not been accepted. Menon's formula was that the Geneva Conference should issue an informal invitation to Canada, India and Poland to serve on the Supervisory Commissions and that those countries would accept the invitation on the condition that their service have the blessing of the United Nations. Smith did not rule out the possibility that some relationship might be established between the United Nations and the Supervisory Commissions as a result of activities at the next session of the General Assembly. Such an operation, of course, would be fraught with difficulties not only on the Communist side but also so far as the United States itself was concerned. It would inevitably involve the question of Communist Chinese membership in the

[24] Voir Canada, Ministère des Affaires extérieures, *Affaires extérieures*, volume 6, N° 8, août 1954, p. 268.
See Canada, Department of External Affairs, *External Affairs*, Volume 6, No. 8, August 1954, p. 260.

United Nations. This was an area in which we got the impression that Smith was only thinking out loud.

15. *Budget.* In the closing moments of our conversation some brief attention was paid to the question of the budget of the Supervisory Commissions. We mentioned that we had heard of a United Kingdom suggestion that members of the Conference might share the costs of operations in Indo-China. Smith said that the United States simply could not subscribe to Mr. Eden's view. No legislation existed under which funds could be provided and it would be impossible, both from the point of view of time and political opinion, for the Administration to seek special legislation to cover such payment. It might be possible in his opinion for the United States to grant some financial assistance if the Commissions were associated more directly with the United Nations.

16. Smith's remarks on related Far Eastern matters will be reported in separate telegrams.† We were left with the impression that Smith would do all he could within the limits of the policies of his government to be of assistance to us. As the problems in the operation of the Commissions become more evident to you, therefore, you might wish to suggest points which I could suitably raise with him. His natural good sense, his influence with the President and Mr. Dulles and last but not least his wide experience in military and foreign affairs suggest that we make as much use as possible of his opinions and advice.

745. DEA/50052-40

Le haut-commissaire en Inde
au secrétaire d'État aux Affaires extérieures

High Commissioner in India
to Secretary of State for External Affairs

TELEGRAM 300 New Delhi, August 8, 1954

SECRET. IMPORTANT.

INDO-CHINA COMMISSIONS — PREPARATORY TALKS IN NEW DELHI AUGUST 1 TO 6

The meetings went better than we had expected. Krishna Menon was an admirable chairman. The Polish representatives could scarcely have been more cooperative. The meetings were informal. We did not even adopt an agenda. All decisions were agreed ones. There were, of course, differences of approach or of emphasis but there were more differences between the Poles and the Indians than between the Poles and ourselves.

2. It is reasonable to assume that the Poles were under instructions to be cooperative. The Polish representatives obviously liked playing this role.

3. The most important decision taken was that the agreements required the setting up of the three Commissions on August 11 the date on which hostilities in the whole of Indo-China cease. There had been confusion on this point.

4. The second most important decision was to send a three nation advance mission to Indo-China composed in part of members who would remain at least temporarily in Indo-China to form the nucleus of the three commissions and in part of members who would return to their respective countries to report to their governments.

5. The third most important decision was that the Commission for Viet Nam would be installed and commence its work at Hanoi. This did not seem to commend itself to the Viet Nam representative who suggested that political motives (demanded?) the decision, but his views were not shared by other members of his delegation. The French representatives were satisfied as well as the Poles and Viet Minh. The Chairman took every opportunity to emphasize that we had not taken final decision on the location of the Viet Nam headquarters. It will be left to the Commission to determine where it wishes to locate and how long it wishes to remain at Hanoi. To begin with, it may be best if it is itinerant. We were all in agreement (Poland/India/Canada) that at the outset the most practical place for the Commission to commence its work was in Hanoi because of the present nearby of the Trung Gia Commission and the High Commands. I am not suggesting, however, that the Poles, Viet Minh, Viet Nam and possibly the French did not have more devious reasons for taking the attitudes which they did. The motives behind each of the interested parties were obscure.

6. The estimates which were made of personnel requirements were, we think, as accurate as can reasonably be expected at this stage. Since the subordinate bodies of the Commissions, including the inspection teams, operate as three nation units, it is essential that each of the three nations operate on the basis of these estimates until they are changed by common agreement. The most important of the agreed estimates is that there are likely to be in the whole of Indo-China 26 mobile inspection teams in addition to the 26 fixed inspection teams and that each mobile team should be composed of one officer from each country and that each fixed inspection team should be composed of two officers from each country. This means a minimum of 78 officers from each country. The second important estimate is of the minimum number of people required on each national delegation at each of the three headquarters. It was considered that the minimum establishment would be a representative of ambassadorial rank, a senior political adviser who would be deputy representative, a junior political adviser, a senior military adviser with the rank of Major General, a junior military adviser and an administrative officer. The minimum confidential staff required would be two confidential stenographers, two confidential cypher clerks and two guards. This makes a total of (group corrupt).

7. We urge that in addition each of our national delegations include a first class public relations officer since it is essential that, if there is disagreement among the members of the Commission or between some or all members of the Commission and local authorities, the position of the Canadian representative be fully and clearly explained to the press. This cannot be done by the normal staff of the Canadian delegation on a Commission since the need for briefing will arise at the very time when the members of the staff will presumably be dealing with a crisis of some sort.

8. Our national delegation to the Viet Nam Commission should be built up to full strength as soon as possible. Our delegations in Laos and Cambodia may need only one political adviser each and one military adviser each.

9. India was anxious to provide the Secretary-General of each Commission and the whole of each Commission Secretariat other than Deputy Secretaries General and, of course, interpreters and translators and subordinate staff locally recruited. The alternative was a Secretariat composed equally of Indians, Poles and Canadians. It would have been difficult for us to have found the Canadian component; the efficiency of the administration would have been affected and the ability of the Poles to create mischief would have been increased. We were therefore prepared to accept the Indian offer. The Poles, however, insisted on the right to provide members for the Secretariat. We expect, in spite of this, that the Secretariat will be composed substantially as the Indians intended.

10. The Poles wanted to restrict employment in the Secretariat, including employment of high grade interpreters and translators, to nationals of the 3 countries. The compromise was that every effort would be made to fill the posts from nationals of these 3 countries but if this could not be done, nationals of other countries would be employed. The Poles, we think, will not object to Swiss interpreters and translators but there are nationalities to which they probably would object.

11. Since it is likely that the only Canadian on the Secretariat of a Commission will be a Deputy Secretary General, a heavy responsibility will rest on him. He will have to do his best to ensure that the Secretariat acts with impartiality. Qualities of shrewdness and persistence are required.

12. The English translation of the agreements states that the Secretaries General of the 3 Commissions are responsible 'for coordinating their work and for relations between them'. The French text, which is authentic, gives the responsibility to the 'Secrétaires Généraux'. According to the Poles, the 'Secretariat General' consists of the Secretary General and the Deputy Secretaries General. This means either that the coordinating body will consist of 9 persons, 3 from each nation represented on the Commission, or that, so far as coordination is concerned, each Commission Secretariat would be run by a sort of praesidium consisting of the Secretary General and his 2 deputies. We may have to accept one of these alternatives. We came across the error in the English translation only towards the end of our discussions and did not have time to settle the question. We have, however, done our best to avoid the danger that each Secretariat will be administered by a praesidium of 3 by including in the provisional rules of procedure for each Commission that the Secretary General is 'in charge' of the Secretariat.

13. We also insisted successfully that all the members of the International Secretariats, including the Secretaries General, are international civil servants as distinct from the representatives on the Commissions who are delegates of national governments. This should make it easier for us to complain of inefficiency or partiality and, if necessary, to demand removal.

14. The formula on the sharing of costs is, we think reasonable. Each country meets the pay and allowances of its national delegation and of its officers on the inspection teams. All other costs, including travelling expenses, are charged to the

international budget. It is for the Joint Chairmen of the Geneva Conference on Indo-China to raise the funds for this budget. The 3 countries are responsible only for making initial advances to the international budget pending the receipt of funds raised by the Joint Chairmen.

15. Each country represented on the Commissions has opportunities for intelligence work. It is to be assumed that the Poles will take advantage of this and the decision to permit them to send 3 technical personnel (ostensibly interpreters and cypher clerks) to each fixed team and 4 to each mobile team will facilitate their task. Some of these 'Polish' technical personnel will doubtless be Soviet agents and the Polish equivalent of the NKVD whose job it will be to keep an eye on the Polish officers. This decision is, however, an inevitable consequence of the necessity of including Poland on the Commissions. We provided for India and Canada sending similar technical personnel if they wished.

16. The operation of Polish and Soviet agents will be facilitated by the use of cypher facilities by the Polish element of inspection teams, as well as by the Polish delegation to each Commission but the Polish request for these facilities was not unreasonable and could not in our opinion be opposed. The Poles at first wanted in addition their own direct wireless communication with Warsaw a request which Krishna Menon vehemently opposed as casting aspersion on the good faith of India but we think the Poles will be satisfied if the Indians do provide a direct wireless service to Warsaw which they can use.

17. We thought it wise not to raise formally at the New Delhi meetings the nature and extent of the functions and tasks of the commissions in relation to political matters. We did, however, raise this informally with Krishna Menon since he had given us the impression that he had not given adequate consideration to the responsibility or the right of the Commission to investigate a complaint for example, that the North Viet Nam authorities were taking reprisals or discriminating against the Roman Catholic groups in the north or preventing them from moving to the South. After consideration Krishna Menon agreed with us that in Viet Nam, for example:

(a) The International Commission has the duty, under Articles 28 and 29, of ensuring the control and supervision of the execution by the parties of the whole of the agreement without distinction between its political and its military clauses;

(b) That among the political clauses are the undertakings of the parties in Article 14 to refrain from reprisals or discriminations and to permit and help civilians to move from the North Zone to the South Zone and vice versa; and

(c) That the commanders of the forces of the two parties are required under Article 25 to afford full protection and all possible assistance and cooperation to the International Commission in the performance of these functions and tasks.

18. My personal view, which I think Macdonnell shares, is that these are not matters which could best be handled by the inspection teams, both because military officers are not necessarily best fitted for these tasks and because the right of mobility of inspection teams as well as their duties are limited (see for example Article 35 of the Viet Nam Agreement). There is no limitation either in the International Commission itself. Consequently it will probably be found that complaints of the violation of the political clauses of the Agreement should after some kind of

screening, be heard either by the Commission itself or by subcommissions appointed by it. The sub-commissions would presumably consist of the political advisers to the Commissioners.

19. Since the chief political difficulties are likely to arise in Viet Nam this makes it all the more important that the political advisers to our representative on the Viet Nam Commission should be carefully chosen.

20. The Indians, and probably the Poles, intend privately to give their representative on the Viet Nam Commission general supervision over their representatives on the other two Commissions. We would be well advised to do the same. This means that Canadian policy on the three Commissions would be coordinated by you on the advice of the Canadian Commissioner in Viet Nam or by the Canadian Commissioner in Viet Nam under your direction.

21. We were much impressed by the efficient planning of the Indian military and by the willingness of the Indian military to accept difficult and heavy responsibilities in assisting the three Commissions. The Indian military will be responsible for coordinating transportation, operating the communications and providing guards for the headquarters of the Commissions. Chaudhuri, Chief of the General Staff and A.M. Engineer, Deputy Chief of Air Staff, ably represented the Indian military at our meetings. Rutledge and Morton have already established friendly relations with the senior Indian officers. We are confident that our officers will find it easy and pleasant to work with the Indian officers and that the cooperation between the two armed services in Indo-China will strengthen the good relations between the armed forces of our two countries.

22. It is of course essential that our officers on the inspection teams do their best to establish friendly relations with the Polish officers, both because the inspection teams will not be able to operate effectively unless the officers concerned show a spirit of mutual accommodation and goodwill and also because the Indian head of each inspection team will be put in a difficult position if his Polish and Canadian colleagues are not on good terms.

23. The appointment of Dutt, Commonwealth Secretary, to head the advance team to Indo-China indicates that he will have the continuing responsibility in the Ministry of External Affairs here on questions relating to the three Commissions in Indo-China. We have found him friendly, reasonable and intelligent. We have no reason to believe that he or the three Indian Commissioners are tainted by xenophobia or by Communism. We are not satisfied, however, that the Commissioners are strong men or men of first class ability. If their Polish colleague is strong and the Canadian is not there is therefore danger they may unconsciously be unduly influenced by the Pole. The head of the Polish delegation at the New Delhi talks is the Polish representative on the Viet Nam Commission. He impressed us as able and forceful and he also has charm, a dangerous combination.

24. Some of the discussions of the Conference will probably create difficulties. We worked too quickly and we were working from documents which had themselves been hastily drafted. If we had had more time to consider the problems, some of the decisions, if not different, might have been more precise. We tried to

ensure against errors by including in the record of our decisions that they should be interpreted broadly.

25. We left unchallenged a Polish contention that the Commissions and their subordinate bodies must operate with all their representatives present. Fortunately there is no formal decision recorded on this point nor is it spelt out in the rules of procedure. It is clearly absurd since it would give any member a veto even on a procedural decision. In order to exercise his veto he would merely have to leave the room.

26. We did not discuss how the Commissions should appeal to the members of the Geneva Conference on Indo-China. We assume that the Commissions, through their Chairmen, would send identical communications to the Co-chairmen of the Conference.

27. It is a sad commentary on the decline of the United Nations that so far as we know no one has drawn attention to the fact that most, if not all, of the work which we did this week in our meetings in New Delhi was clearly work which, under the intent of the Charter of the United Nations, should have been done by the United Nations itself. Obviously, until the time has come when representatives of the Peking Regime can be seated in the United Nations, work which properly belongs to the United Nations will have to continue to be done by such ad hoc, and I am afraid, amateur bodies.

SECTION B

FONCTIONNEMENT DES COMMISSIONS INTERNATIONALES DE SURVEILLANCE ET DE CONTRÔLE
OPERATION OF THE INTERNATIONAL COMMISSIONS FOR SUPERVISION AND CONTROL

746.

DEA/50052-A-40

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

Ambassador in United States
to Secretary of State for External Affairs

DESPATCH 1828

Washington, October 25, 1954

CONFIDENTIAL

Reference: Our Teletype No. WA-1822 of October 20, 1954.†

INTERNATIONAL SUPERVISORY COMMISSIONS IN INDO-CHINA

In the course of a recent interview with Everett Drumright, Deputy Assistant Secretary for Far Eastern Affairs, on the future of the Neutral Nations Supervisory

Commission in Korea,[25] the activities of the Supervisory Commissions in Indo-China were discussed. We have already reported (our telegram under reference) Drumright's view that action in Korea to force stricter Communist adherence to the terms of the Armistice Agreement would have a salutary effect in Indo-China.

2. Drumright went on to say that the State Department was "disturbed" by some of the reports which it had received from Indo-China concerning the inability of the Commissions to oversee effectively the implementation of the cease-fire agreements.[26] He mentioned a few matters which were of particular concern to the State Department in this respect; the flow of arms and equipment into northern Viet Nam, the impressment of Laotians into the Viet Minh forces, the situation in the two northern Laotian provinces of Phong Saly and Sam Neua[27] and the question of possible Commission activity with respect to elections in Cambodia.[28] He said in addition that he had just seen a report that an escaped prisoner of war who had appeared before the Commission had been given back into the hands of the Viet Minh authorities.[29] No opportunity was given us at this meeting to follow up the discussion of the work of the Commissions in Indo-China to any great length.

3. We ourselves, however, were sufficiently disturbed by these comments from a senior State Department officer to take up the matter again with other responsible officers in the State Department. The transmission to the State Department of the summary of Commission activity contained in your telegram EX-1927 of October 20† gave us an ideal opportunity to raise the question again with Paul Sturm, former United States Consul in Hanoi, who is temporarily at the Indo-China Desk in the State Department. The summary report under reference was devoted in part to a description of the Commission's handling of the case of an escaped prisoner of war.

4. Sturm said that he felt certain that Drumright had not intended his remarks to be taken as criticism of the Commission's activities in Indo-China. He was certain in particular that Drumright did not wish to imply any criticism whatsoever of the Canadian members of the Commissions. The State Department fully appreciated the difficulties under which the Commissions were operating, and realized that the Commissions might not be able to deal satisfactorily with some of the problems which would arise. The State Department was disturbed rather by the situation in Indo-China than by anything which the Commissions were or were not doing. Sturm hoped that, on this occasion and on other occasions which might arise, the Canadian Government would not object if the State Department "shared its con-

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[25] Voir/See Document 94.

[26] Pour les accords du cessez-le-feu, voir France, Ministère des Affaires étrangères, *Conférence de Genève sur l'Indochine (8 mai-21 juillet 1954)*, Paris, Imprimerie nationale, 1955, pp. 427-442 (Cambodge), pp. 443-452 (Laos), et pp. 453-460 (Vietnam).
For the ceasefire agreements, see United Kingdom, Parliamentary Papers, Cmd. 9239, *Further Documents relating to the discussion of Indo-China at the Geneva Conference June 16-July 21, 1954*, London, Her Majesty's Stationary Office, 1954, pp. 11-18 (Cambodia), pp. 18-26 (Laos), and pp. 27-40 (Vietnam).

[27] Voir/See Documents 794-804.

[28] Voir/See Document 790.

[29] Voir/See Document 757.

cern" informally with us. Sturm then went on to speak in a slightly more detailed fashion of some of the matters which Drumright had raised.

5. He said that the State Department had received more or less regular reports from reliable sources that arms and munitions were being moved into Viet Nam from the north in contravention of the cease-fire agreement. Much of the material was of Czech origin. He said that most recent reports indicated that a considerable volume of this contraband was being moved through two points in northeastern Viet Nam, Dong Dang and Caobang. At neither of these points had provision been made for the stationing of a Commission team. Sturm was not certain whether these violations of the cease-fire agreement had been brought formally to the attention of the Commission although he assumed that some mention of them had been made to Commission members by the French. Sturm expressed the hope that, as soon as the Commission was in a position to investigate in this area, its representatives would make every effort to stop the shipments or at least to publicize the violations of the cease-fire agreement as widely as possible in the hope of bringing pressure on the Communists to abide by the agreement. Sturm's comments contradicted the report carried in the *New York Times* of October 20 of the remarks of Mr. Desai, the Indian Chairman of the Viet Nam Commission. Mr. Desai, according to the *New York Times* story, indicated on October 19 that no significant amounts of war material were crossing the border between Viet Nam and China. This press report appeared after our interview with Sturm and we will take the next opportunity which presents itself to discuss it with him.

6. With respect to the Commission's handling of the case of the escaped prisoner of war which is outlined in your telegram EX-1927,† Sturm expressed satisfaction at the efforts of the Canadian representative to protect the individual as much as possible by requiring that he be available to the Commission at all times. He was puzzled, however, as to why such an individual would be turned back to the Viet Minh authorities. If the individual was a *bona fide* prisoner of war who had escaped from the control of one or other of the parties to the agreement, Sturm thought that he should be covered by Article 21(a) of the cease-fire agreement for Viet Nam. Under the term of this Article all prisoners of war should have been liberated within thirty days after the date of the effective cease-fire, i.e. by the middle of August. It would be useful, I think, to have the comments of our representatives in the field on this point so that we might discuss it further with the State Department. It is quite clear from what Sturm said that, in the United States view, individuals should not be returned to Communist control if that can be avoided. He expressed the view that it might even be possible for the Commission to make some arrangements to hold such individuals in custody until their cases were disposed of.

7. The third point to which Sturm devoted some attention concerned elections in Cambodia. According to reports received by the State Department, the Indian Chairman of the Cambodian Commission had made clear publicly his belief that one of the Commission's tasks in Cambodia will be to oversee the next elections there. The Cambodian Government holds the view strongly that elections in Cambodia are of no concern to the Commission and that there is nothing in the cease-fire agreement which gives the Commission the right to intervene. The United States Government fully shares the Cambodian view. From the reports which have

been received, United States authorities believe that if the Commission attempts to press this point the reaction of Cambodian authorities will be violent and immediate.

8. I assume that you would wish us to continue to sound out United States authorities on matters such as those dealt with above. We believe, as we are sure you do, that, in spite of the legal detachment of the United States from the Indo-China settlement and despite its lack of enthusiasm for the agreements reached at Geneva, it is important that United States views on the developing situation in Indo-China be given due weight. It may be that there will be criticism of the activities of the Commissions from American sources both official and unofficial which will involve implied criticism at least of the Canadian components of the Commissions. We feel certain, however, that interested United States officials at all levels in the State Department are fully appreciative of the task which Canada has taken on and have confidence that the Canadian representatives on the Commissions will do all that is humanly possible to make the Commissions effective in their supervision of the cease-fire agreements.

G.P. DE T. GLAZEBROOK
for Ambassador

747. DEA/50052-A-40

Le ministre des Affaires extérieures d'Australie au secrétaire d'État aux Affaires extérieures

Minister for External Affairs of Australia to Secretary of State for External Affairs

PERSONAL AND CONFIDENTIAL New York, October 14, 1954

My dear Mike [Pearson],

Many thanks for your note.† Very sorry we will not have a chance of meeting. I leave New York tomorrow on the way back to Australia.

I had Monday and Tuesday last in Washington and had good talks with the senior State Department people on a number of subjects that concern us. Naturally, South East Asia was prominent in these talks. The particular conversation about which I am writing was one between McArthur (Counsellor to the Secretary of State), Young (Director, South East Asian Affairs) and myself.

Young said that they believed that the situation in two North East provinces of Laos demanded particular attention. There the Vietminh were transferring Laotians to Northern Vietnam, training them in Communist ideology and guerrilla tactics, replacing them by Vietminh Cochin-Chinese and, in turn, transferring the trained and indoctrinated Laotians back to Laos. Yost (United States Minister in Laos) reports that the Communists are clearly violating the armistice in those provinces. The State Department "knows" that the Poles and Vietminh are actively using the Control Commission as a legal "umbrella" throughout Indo China for propaganda, subversion etc. The Indians are by conviction inclined to pursue "active neutral-

ism". Young said the Communists are obviously playing for time to "neutralise" all of Indo China. If individual states are "neutralised" in the Communist sense of the term (i.e. with active Communist subversion going on parallel to "neutralisation") the Western cause is virtually lost.

If the above is anything like a true picture, it sounds a serious business — and I thought you would not mind my bringing this conversation to your attention — although I would expect your people in Indo China to be well aware of what is going on. It places a considerable degree of responsibility on your Canadian representatives on the International Control Commission. As I have said, I would expect them to be well aware of the need to counter actively the alleged Polish-Vietminh tactics — and also to make a careful documentation of Communist violations, which may very well have an important part to play in subsequent events.

With best wishes to you.

Yours

DICK [CASEY]

748.

DEA/50052-A-40

Le secrétaire d'État aux Affaires extérieures
au ministre des Affaires extérieures d'Australie

Secretary of State for External Affairs
to Minister for External Affairs of Australia

PERSONAL AND CONFIDENTIAL

Ottawa, November 1, 1954

My dear Dick [Casey],

Thank you for your letter of October 14 about your conversations with McArthur and Young in the State Department concerning Indochina. I appreciate very much your passing this information along to me.

Contacts of our own people in Washington with the State Department have provided us with some of the same information and impressions which you received in your interviews, and reports from our Commissioners in Indochina have confirmed and corroborated a good deal — but not all — of what has been said in Washington concerning the activities of the Viet Minh.

I must confess I am somewhat puzzled — and a little disturbed — by the remarks of the State Department officials that the Poles and the Viet Minh are using the International Commissions as a legal "umbrella" throughout Indochina for propaganda, subversion, etc. From the beginning we have regarded the Geneva agreements as providing primarily for a military settlement. The military clauses of all three agreements are fairly clear, and no insuperable difficulties have so far been encountered in their execution. This phase of the operation is going reasonably well, and while in a number of cases the Poles have been obstructive, there are few indications that they are actively attempting to sabotage the proper implementation of the military provisions of the agreements. The situation in North Laos is an exception to this, but the reason there, I think, is largely that the agreement for Laos

left a number of very loose ends so far as the status of the northeast provinces is concerned.

It is, of course, quite obvious that the Viet Minh and the Poles are not observing the "spirit" of the agreement as we would like to see it observed. None of us could have expected that the Communists would regard the Geneva settlement as the summit of their ambitions in Southeast Asia, and that the Viet Minh would not use every device they can to establish themselves solidly in North Vietnam and to lay the foundations for future re-penetration into South Vietnam, Cambodia and Laos. There is, however, nothing in the cease-fire agreements that forbids propaganda — or, indeed, many types of subversion; and *ipso facto* there is virtually nothing that the Supervisory Commissions can do to put a stop to that sort of thing. If there is a legal umbrella for Communist propaganda and subversion throughout Indochina it is provided by the cease-fire agreements themselves, in those clauses which require both parties to refrain from reprisals and discrimination against persons or organizations on account of their activities during the hostilities and to guarantee their democratic liberties.

I do not mean to suggest that the Commissions have not very heavy responsibilities to ensure that the terms of the agreements are precisely carried out, or, if things do not go as we might hope, that the blame lies wholly with the negotiators at Geneva. I believe that our Commissioners should see to it that the Communists do not use the agreements as a means to prepare themselves for a further extension of their power in Indochina. In so doing, however, we have to be sure that we can carry the Indians along with us; furthermore, the Commissions for all practical purposes have only a moral authority and no executive powers or responsibilities.

So far as the Indians are concerned we have received encouraging reports. Their pursuit of "active neutralism" involves a most conscientious impartiality. There have been a few occasions in Vietnam when the Indians have departed from standards of true objectivity in an effort to meet Polish views half way and to seek compromises on disputed issues which will apportion blame equally to the French and the Democratic Republic sides, but on the whole we understand that most of the Indians endeavour to be truly impartial and objective. On the face of it this might not seem to serve the best immediate interests of the West in Southeast Asia, but in the long run it may well turn out to be a good thing. Asian neutralism is a phenomenon which we must accept; I doubt that it can be changed by open opposition, but I think that if we show some understanding of this attitude, and if the Communists do not change their ways, we will find in due course that the neutralism of some Asian countries will have an Irish touch to it — they will know who they are being neutral against. In Indochina the Poles are not playing according to the book, and are making no very convincing attempt to be impartial. Reports from our people in Indochina indicate that the Indians are rapidly becoming aware of this, and are entertaining fewer and fewer illusions about the Poles in particular and the Communists generally. Certainly those Indians who are serving in Indochina are getting a very useful education in the ways of the Communists, and we can hope that this will soon have its repercussions in New Delhi — and ultimately in Rangoon and Djakarta.

I believe the best contribution Canada can make in Indochina is to pursue a line of scrupulous adherence to the terms of the agreements, without any abandonment of the basic principles of our foreign policy. By this means we can I think gain and keep the confidence of the Indians, and so ensure that on important issues that come before the Commissions in Indochina they will be likely to take the same attitude as ourselves. We have already had indications that this is in fact the way things are working out. If we are to have any influence on the course of events in Indochina we must see to it that the Indians are with us. Otherwise, the future of the Commissions would be placed in jeopardy and the future of the Indochina States would even be more grim than it appears to be now.

Furthermore, by seeking to have the cease-fire agreements observed to the letter we can, I believe, do our best service to the three free states in Indochina and to our good friends in SEATO. Successful implementation of the cease-fire agreements will buy some valuable time for Laos, Cambodia and South Vietnam — time for them to organize their internal security and to build up their power to resist Communist pressures in the future. In these tasks they will require outside assistance, which the United States — and I hope the other SEATO powers — are prepared to give them.

Yours sincerely,
L.B. PEARSON

749.

DEA/50052-A-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-2013

Ottawa, November 4, 1954

CONFIDENTIAL

Reference: Your despatch No. 1828 of October 25.

INDOCHINA — INTERNATIONAL SUPERVISORY COMMISSIONS

The attitude which the State Department is taking towards our activities on the International Supervisory Commissions as expressed by Sturm is interesting. When passing to the State Department our summary of communications received this week from Indochina (which is going forward in a separate telegram)† you might express to them our appreciation for "sharing their concern" with us about developments in Indochina. We do not, of course, wish them to go beyond this.

2. You might point out to the State Department that while we are glad to have information concerning the movement of war material into North Vietnam, our Commissioner would have great difficulty in raising the matter in the Commission on his own initiative. It would be up to the French or the Vietnamese to make a complaint to the Commission, providing as much as possible in the way of detail as

to the time and routing of the arms imports, quantities, types etc. Our Commission will then be able to press for the necessary investigations.

3. Our summary telegram contains more information concerning the escaped French prisoner of war. We are expecting further details on this case and will pass them on when they are available.

4. We have no comments to make at the moment on the question of the elections in Cambodia. We have received reports from Phnom Penh on this subject and are now considering them.

750. DEA/50052-A-40

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

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

SECRET [Ottawa], November 10, 1954

Recent telegrams from Indochina, and despatch No. 1828 of October 25 from Washington, have worried me somewhat, as I know they have worried you and Mr. Holmes, about certain developments in the work of the armistice commissions in Vietnam and Laos.

The Polish representatives, after an initial period of co-operation, seem to be moving toward the prejudiced and obstructive line followed by Communists on such bodies. There have already apparently been one or two cases in which they have deliberately attempted to obstruct action which seems to have been required under the terms of the armistice.

I notice that the Indian representative is intensely preoccupied with preserving the unanimity of the decisions of the commissions, and that our own representative shares that desire. This is perfectly legitimate, of course, and we should go as far as possible to avoid division, but we should be very careful not to go too far; to the point where the Poles are preventing the armistice arrangements being carried out. Unanimity is important, but the prevention of injustice and a strict adherence to the provisions of the agreement is even more important.

Our difficulty is that the Indian representative, in efforts to avoid open division, and in counselling delay and, on occasions, indecision, will very often have the support of not only his government, but of Indian public opinion. We are, of course, in a more difficult position and can expect uneasiness, both on the part of public opinion and in Parliament, when it reassembles, where a good many questions will be asked, if a situation develops, and becomes public knowledge, where the work of the commissions is hamstrung without strong protests on our part.[30]

L.B. P[EARSON]

[30] Note marginale :/Marginal note:
Mr. Holmes: Could we continue to discuss this? J. L[éger]

SECTION C

COMMISSION INTERNATIONALE DE SURVEILLANCE ET DE CONTRÔLE AU VIETNAM
INTERNATIONAL COMMISSION FOR SUPERVISION AND CONTROL FOR VIETNAM

751.

DEA/50052-A-40

Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

TELEGRAM 8

Hanoi, August 16, 1954

CONFIDENTIAL. IMPORTANT.

Naturally Commission's main job is get itself organized and accommodated and as much progress is being made as could be expected. There is a prospect that before very long there will be adequate office accommodation and communications facilities.

2. Commission, however, has had to face its first question of substance. We found the two sides deadlocked on the release of prisoners of war. The French wanted to start the exchange at once while the Democratic Republic refused to contemplate any exchange until they had received from the French complete lists of all those in French hands. To do this in a hurry presented technical difficulties for the French who had only been asked for these very detailed lists on August 7th. The Democratic Republic said it might be necessary to postpone the date for liberating prisoners if they did not receive the lists in time. Commission used its good offices and impressed upon both parties the importance for humanitarian and other reasons of starting the release of prisoners at the earliest date. We were able to make a unanimous suggestion (not a formal recommendation) which helped to bring the two parties together. We told the French that they must compile their lists as quickly as possible and we told the Democratic Republic that there could be no question of postponing the date laid down in the Agreement for the liberation in the free zone. French and Democratic Republic agreed on a compromise which looks workable and thanked the Commission for its help.

3. Clearly the prisoner of war issue is full of potential trouble but for the moment things are on the rails again.

752. DEA/50052-A-40

Le secrétaire d'État aux Affaires extérieures au commissaire de la Commission internationale de surveillance pour le Vietnam

Secretary of State for External Affairs to Commissioner, International Supervisory Commission for Vietnam

SECRET Ottawa, August 24, 1954

Dear Mr. Lett:

You have been appointed Canadian representative on the International Supervisory Commission for Vietnam, which has been established in accordance with the terms of the Agreement on the Cessation of Hostilities in Vietnam which has concluded at the Geneva Conference on Indochina on July 20, 1954.[31] As you know, the Commission commenced to function at Hanoi, on August 11, and since that time Mr. R.M. Macdonnell has been acting as the Canadian Commissioner on the Vietnam Commission. It would be appreciated if you would proceed to Hanoi as soon as possible to take up your duties, at which time Mr. Macdonnell will go to Phnom Penh to assume his functions as Canadian Commissioner on the International Supervisory Commission in Cambodia.

2. The task you will be undertaking on behalf of Canada of participating in the supervision of the cease fire in Vietnam, will be an extremely important and difficult one, and one for which there are no precedents in Canadian experience to guide you. You may rest assured, however, that you can count on the full cooperation and assistance of this Department. We will provide you with the best military and civilian advisers available, as well as the best possible facilities to enable you to do your task effectively.

Geneva Conference

3. Canada did not participate in the Geneva Conference on Indochina at which the agreements for the cessation of hostilities in Vietnam, Laos and Cambodia were drawn up. Canada was not a party to the agreements nor to the conference declaration issued by the Geneva Conference powers at the time the agreements were concluded. We have no responsibility for the content of the agreements nor for their execution or enforcement. The texts of the agreements have been passed to us by the co-chairmen of the Geneva Conference without gloss or interpretive comment, and we have been assured that there were no verbal or secret understandings concerning the interpretation of the agreements between the parties concerned. You may, therefore, take them at their face value.

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[31] Pour l'accord du cessez-le-feu, voir France, Ministère des Affaires étrangères, *Conférence de Genève sur l'Indochine (8 mai-21 juillet 1954)*, Paris, Imprimerie nationale, 1955, pp. 453-460. For the ceasefire agreement, see United Kingdom, Parliamentary Papers, Cmd. 9239, *Further Documents relating to the discussion of Indo-China at the Geneva Conference June 16-July 21, 1954*, London, Her Majesty's Stationary Office, 1954, pp. 27-40.

4. You may have received various impressions concerning the significance of the agreements in relation to the future course of events in Southeast Asia. Our own appreciation of the situation in Indochina at the time of the Geneva Conference was that the French military hold on northern Vietnam was slipping rapidly, and that the French-sponsored government of Vietnam had not achieved the degree of popular support essential for stability or for its continued effectiveness. We considered that proposals for military intervention by other powers to restore French military control were foredoomed to failure, and that attempts to bolster the Vietnamese Government by such military intervention might well have led to the outbreak of wider international hostilities.

5. Accordingly it is our view that the cease-fire agreements — while unsatisfactory from many points of view — were the best obtainable in the circumstances, since they were based on political and military realities. Whatever their defects, the agreements, if properly implemented, would prevent Laos and Cambodia from falling under Communist domination in the immediate future and would make possible a build-up of military and political resistance to further Communist encroachment in Vietnam south of the demarcation line. There is no question in our minds that if the military and political situation, as it was three months ago, had continued it would have resulted within a fairly short time either in a much more general and serious war or in the extension of Viet Minh control over the whole of Indochina.

Considerations Which led to Canadian Participation

6. Canada's collective security responsibilities in Southeast Asia are confined to those that arise from membership in the United Nations. While the principle of collective security on a regional basis is applicable to Asia as to other areas, we have emphasized that a NATO pattern pact might not fit the facts of Southeast Asia. Nor have we given any encouragement to the idea of Canadian participation in such a pact. We have no special regional interests in Indochina, and few contacts with it which would warrant taking on special commitments at this time outside the United Nations. Australia and New Zealand, without any other regional commitments such as NATO and with interests and obligations already accepted in that area, are in a somewhat different position. Canada's acceptance of the invitation to participate in the supervision of the cease-fire agreements was dictated simply by the Government's desire to contribute by this kind of service to the establishment of peace and security in Southeast Asia. Moreover, the invitation was accepted only when it was clearly understood that the Supervisory Commissions would have no executive responsibilities with respect to the cease-fire agreements, and that Canadian acceptance did not involve us in any obligations to guarantee or enforce the agreements. These responsibilities and obligations are those of the Geneva Conference powers who have accepted them.

Functions of the Commissions

7. The functions of the Supervisory Commissions are set forth in Chapter VI of the agreement. Briefly they are supervision, observation, inspection and investigation in connection with the applications of the provisions of the agreement, particularly in relation to:

1. Movement of armed forces as provided for in the regroupment plan;
2. the demarcation lines between the regrouping areas and the demilitarized zone;
3. release of prisoners and civilian internees;
4. introduction into the country of military personnel and of all kinds of arms, munitions and war materials.

8. It is clear from the agreements that the International Supervisory Commission's functions are supervisory, judicial and mediatory. It makes recommendations to the parties of the agreement, but it has no power of itself to enforce these recommendations. If one of the parties refuses to put into effect a recommendation of the International Commission, the Commission will inform the members of the Geneva Conference.

9. The Commission will presumably draw up its own rules of procedure, a matter which will require great care to ensure that opportunities for obstruction by the Poles are kept to an absolute minimum. We have no particular observations to make on the matter of procedure at the present time, though we would draw your attention to Article 42 of the agreement, which provides that on questions concerning violations or threats of violations which might lead to a resumption of hostilities the decisions of the Commission must be unanimous. The procedural question arises as to how it will be decided that a given question comes within the terms of Article 42. Our preliminary view is that the Chairman of the Commission should decide when the rule of unanimity should apply. This would accord with normal conference procedure. We would hope that the Indians would decide this matter in a manner which would agree with our own view of the situation more often than not. On the general question of procedure, it will be necessary for you to bear in mind some of the Canadian policy objectives which are discussed elsewhere in this letter.

Status of Commissioners

10. The status of the Commissioners vis-à-vis their Governments in relation to their functions on the Commission is not defined anywhere in the agreement nor in the invitation to the Canadian Government. The agreement states in Article 34 that the International Commission "shall be composed of representatives of the following States: Canada, India and Poland". In the invitation issued by the co-chairmen of the Geneva Conference, the Canadian, Indian and Polish Governments were requested to "designate representatives to form the International Supervisory Commissions". Although the function of the Commission will be in a sense judicial, the basic documents do not suggest or require that the Commissioners act on the Commissions in their individual capacities, nor do they suggest or require that the Commissioners be merely agents of their respective Governments.

11. Nevertheless it seems clear that it will be necessary for you to act on your own independent judgment in relation to most disputes which come before the Commission, since the evidence would be available only to you. In dealing with such matters as come before the Commission, you will keep in mind the general considerations set forth in this letter and any subsequent advice and guidance which

we send to you from time to time. We hope that in important matters you will keep us fully informed by telegram, and that where possible you will seek advice from Ottawa before taking decisions which will involve the exercise of the veto or are likely to give rise to subsequent reference to the conference powers. Except on matters of the gravest import we would not wish you to hold up the work of the Commission in order to obtain instructions from Ottawa, and you should do everything possible to discourage the other Commissioners from rendering the Commission inoperative for this reason. In general, the problem of when and when not to refer matters to Ottawa is one which will have to be left to your own discretion and judgment for solution.

12. While it will no doubt be assumed — and correctly — that Canada's representatives on the three Commissions will reflect a Western outlook in their approach to the problems which the Commissions will have to solve, it is important that they should at all times do their utmost to maintain an attitude of judicial impartiality in the performance of their duties. We have no particular axe to grind in Southeast Asia, and are fortunate in having no history of unpopular policies or attitudes there in the past. There are, however, certain broad policy objectives with respect to Southeast Asia which you will wish to keep in mind in carrying out your duties, and which are outlined below.

Canadian Policy in Southeast Asia

13. The first objective of Canadian policy is the maintenance of the peace in Indochina which has now been achieved. Although there are many aspects of the settlement which are unpalatable to our friends and allies — and indeed to ourselves — and although it may contain the seeds of future troubles, it is based — as stated above — on a realistic recognition of the political and military situation in Indochina as it existed in May, 1954. The cessation of hostilities eliminates, for the time being at least, one of the most serious threats to the general peace of the world, and provides the time and opportunity for a fresh effort to encourage the development of stronger independent and non-communist states on the mainland of Asia.

14. A second objective is to encourage the development of a Southeast Asia Defence Organization, as a safeguard against and a deterrent to overt Chinese Communist aggression in Southeast Asia, in a way that will cause the least possible offence to the "neutralist" countries in the area, particularly India, Burma and Indonesia. If and when consulted by governments participating in the development of SEADO, we will direct our influence toward this end. It is, however, Canadian policy — as stated above — not to join SEADO. Our participation in the supervision of the Indochina settlement is an added reason for an abstention, which while justifiable, does, nevertheless, make inappropriate too active advice and counsel to others who are closer to the problem.

15. The third objective of Canadian policy in Southeast Asia is to contribute to the economic and social strengthening of countries in the area with a view to assisting their fuller human development. Such development should also help to eliminate conditions which foster the growth of Communism. Canadian participation in the Colombo Plan is a direct expression of this policy.

16. The fourth objective of Canadian policy is the encouragement by sympathetic interest of the development of strong, independent, non-Communist regimes on the Asian mainland outside present Communist areas. Despite our sympathy for France and the tremendous sacrifices she has made in the long struggle against the Viet Minh, it appears to us highly unlikely that the shoring up of France's remaining foothold in Indochina, particularly by means of external military aid, will do anything to halt — and may do something to assist — the extension of Communist influence. We must hope — without any excessive optimism that our hopes will be fully realized — that the progressive achievement of full independence under the protection which the cease-fire agreements should afford will enable Cambodia, Laos and Vietnam to resist effectively Communist attempts to take them over by means of infiltration and subversion.

Relations with the Indians

17. The Indian representative will be the Chairman of the Vietnam Commission, and your relations with him, and the relations of your staff with his staff both at the headquarters and on the inspection teams, will be of the utmost importance. Canada enjoys extremely good relations with India, based on our common membership in the Commonwealth, our common heritage of British institutions and a deep feeling of mutual respect. I am sure you will make every effort to continue this well-established tradition.

18. It will be desirable for you to understand and respect — even if you may not always approve — the main points of Indian foreign policy, which differ radically in many important respects from our own. The principal features of this foreign policy are non-alignment in the cold war between East and West, the strengthening and expansion of a "peace area" in South and Southeast Asia, vigorous, sometimes almost irrational opposition to "colonialism" and a sanguine acceptance of the optimistic interpretation of the Chinese Communist revolution. In ultimate objectives Indian policy does not differ radically from our own, in the sense that we both wish to avoid a general war and to see formerly dependent peoples achieve independence and free, as opposed to Communist, self-government. Our differences lie mainly in the means by which those ends are to be achieved. In this respect the Indians are strongly opposed to a Southeast Asia Defence Organization, which conflicts with their policy of non-alignment and the extension of their "peace area"; they are inclined to accept Communist China's assurance of good will more readily than we are, and they are inclined to view with hostile suspicion the motives which lie behind French and American policies in Asia.

19. In your informal contacts with your Indian colleague there should be no need for you to try to "sell" Canadian policies and attitudes nor to apologize for them. We would hope that India's experience in dealing with the Poles and with the local Communists will lead them to take a more sympathetic attitude towards policies supported by our allies and ourselves. You may also have opportunities to impress on the Indians that Senator McCarthy and Hollywood are not the only manifestations of the American way of life.

20. In the discharge of your official duties, an attitude of scrupulous fairness and impartiality and support for the strict observance of the terms of the cease-fire

agreements will do more than anything else towards winning the confidence of your Indian colleague. Above all it will be vital to avoid giving the impression that you are attempting to "protect" French interests or to further American policy. This may present certain difficulties in view of the possibility that the Indian representative may be prejudiced against the French, and not too sympathetic to the U.S.A.

Relations with the Poles

21. Poland has no independent foreign policy: your Polish colleague on the Commission, therefore, will be acting in the interests of the USSR, Communist China, and the Viet Minh, probably in that order. These interests will not necessarily be identical. It is reasonable to assume that the USSR and Communist China both consider it in their interests at the present time to see that the cease-fire agreements are not upset, since, by negotiating these agreements they have successfully eliminated the threat for the time being of further American military intervention on the Asian mainland. Also they can be said to contribute to a relaxation of international tension which the Communists may hope to exploit in other ways. It may, nevertheless, be in the interests of the Viet Minh to violate the terms of the cease-fire agreements since the agreements, if successfully implemented, will prevent them from taking over the whole of Indochina as they had hoped to do. Both the USSR and China will probably be prepared to wink at such violations, unless or until a continual display of bad faith by the Viet Minh shows signs of seriously alienating the Indians; or otherwise interfering with the designs of Moscow or Peking. When this point is reached, China and the USSR may seek to restrain the Viet Minh.

22. All this suggests that the Polish representative may put on a devious performance on the Commission. He may combine a show of cooperativeness with varying degrees of obstruction, deceit and bad faith.

23. Nevertheless, you will wish to do your best to establish good working relations with your Polish colleague. Unnecessary or avoidable friction between yourself and him will only render the task of the Commission and particularly the Indian Chairman the more difficult. The Pole may use abusive phrases in referring to your views. This is the ordinary — though not invariable — practice of Communist negotiation. Experience has shown little is gained by meeting them on that level. Firm but polite replies, the exercise of restraint and the display of courtesy and good humour will make a more effective impression on your Indian colleague and possibly even on the Pole! It is Indian support you should seek to win in these circumstances rather than a propaganda or polemical victory over the Communists.

24. The Polish Commissioner as a good Communist, will probably have less power of discretion than either you or your Indian colleague, and most of the time will be acting under detailed instructions. You may find it valuable to get as accurate a picture as possible of his relations with the Viet Minh representatives.

Relations with the French

25. You will doubtless be having frequent official contacts with French military commanders and other French officials. The French will undoubtedly regard you as their "friend at court", and some of them may attempt on occasion to influence you in your work. The French Government does appreciate, I believe, the long-run

value of your maintaining an attitude of judicial impartiality, but many individuals with whom you come into contact may not. Accordingly some friendly discretion may be necessary in your relations with them, particularly in your off-duty activities. The practice and attitude of your Indian colleague will have some bearing on the problem of the frequency and nature of your contacts — including social contacts — with the French.

Relations with the Americans

26. Though the Americans are not as intimately concerned with Indochina as are the French, you will wish to bear in mind, in your contacts with them not merely our very close and friendly relations with the United States, but also the demands of judicial objectivity and discretion, and the practice and attitude of the Chairman of your Commission.

Relations with the British

27. You will probably be having fairly frequent contacts with United Kingdom representatives in Vietnam. The United Kingdom maintains a legation in Saigon and a consulate in Hanoi, and since the United Kingdom is technically our "protecting power" in Indochina (since we have no diplomatic or consular representation there) you may have some business dealings with British representatives from time to time. You will bear in mind that the United Kingdom is one of the Geneva Conference Powers and that the International Commission will no doubt from time to time be communicating officially with the Conference Powers. While there should be no need to restrict unduly your contacts with British representatives, you will wish to avoid giving the appearance that you are seeking their advice or guidance in the execution of your duties. When local assistance is required in Saigon, you may wish to seek it from the Australian Legation there, as well as from the British Mission. We understand that the Australian Legation is under instructions to give Canadian officials in Indochina any help they may need.

Relations with the Local Authorities

28. Canada has recognized the independence of Vietnam within the French Union, but diplomatic relations have not been established. We have not, of course, recognized the "Democratic Republic of Vietnam", as the Viet Minh call themselves, but our acceptance of the invitation to serve on the International Supervisory Commission for Vietnam does entail some measure of recognition of the Viet Minh as the provisional *de facto* governing authority in the north for the purposes of carrying out the terms of the agreement. You will doubtless have frequent contacts with officials of both governments. In view of Canada's position on the Supervisory Commission, it will be desirable to keep your relations with the representatives of both governments on more or less the same official plane, though you will naturally feel more sympathy and friendliness toward the non-Communist regime.

Organization

29. As Canadian Commissioner, you will be in complete charge of all Canadian personnel attached to the Supervisory Commission and the inspection terms, both for purposes of policy guidance and administration. You will be assisted by civilian advisers appointed by the Department of External Affairs. You will find them of

particular assistance in connection with the preparation of reports to Ottawa and on administrative procedures.

30. You will also be assisted by military advisers at headquarters appointed by the Department of National Defence, whose advice and counsel you will find particularly valuable since the problems with which you will be dealing will have important military aspects. The military personnel on the inspection teams, when working as members of the teams, will operate under the directions of the Supervisory Commission as a whole. For administrative and disciplinary purposes they will be under the command of the Senior Canadian military officer who will, in turn, be responsible to you. Expenditures made by all Canadian personnel at Commission headquarters and on the inspection teams which are not directly chargeable to the Commission itself will be made on your authority. We will be writing to you separately in more detail concerning some of these administrative matters.

31. A Canadian appointee will occupy the position of Deputy Secretary General in the International Commission Secretariat. He will be working under the direction of the Indian Secretary-General, but you will be responsible for giving him general guidance to ensure that Canadian interests are properly represented in the Secretariat.

32. In your work on the Commission you will doubtless find your own legal experience of considerable value. Some of the External Affairs officers of your staff have had legal training. In addition, you will have on your staff a legal adviser who will assist you in work connected with the interpretation of the cease-fire agreement and on such other matters as the legal status in Vietnam of Canadian personnel serving with the Commissions. For the present time no legal advisers are being appointed to the Commissioners in Laos and Cambodia, and at your discretion you may direct your legal adviser to provide them with any legal assistance they might require, permitting him to visit Phnom Penh and Vientiane if necessary.

33. You should maintain the closest possible liaison with your Canadian opposite numbers on the Commissions in Vientiane and Phnom Penh. It is hoped that communications facilities will be provided which will enable you to keep in touch with them by secure means, and where possible copies of your communications to Ottawa on subjects which will be of interest to them should be forwarded to the other two Commissioners.

Reporting to Ottawa

34. All official reports from the Canadian components on the International Commission and the inspection teams should be addressed to me or my deputy and should be signed by you or in your name. We will expect to receive from you all official records of Commission proceedings, together with reports from you giving your own interpretive comment; in the preparation of these reports, you will, of course, make use of the services and advice of your military and civilian advisers alike. We shall also be glad to receive from you reports from time to time on internal affairs in Vietnam — political, military, economic, etc. We will be giving you further guidance from time to time concerning the type of information we wish to receive. Facilities for telegraphic communication in cypher between Hanoi and Ottawa already exist, and we hope that an air courier service to carry classified

documents between Hanoi and Ottawa will shortly be established. Brief reports of Commission activities and other important matters should be sent by telegram, and amplifying reports and other documents can be sent forward by security air bag.

Inspection Teams

35. A separate memorandum will be provided to you concerning guidance for the Canadian members of the inspection teams.[32]

Canadians in Indochina

36. As of July 21, 1954, there were approximately sixty Canadian citizens in Indochina, according to information recently received from the United Kingdom Minister in Saigon and the Canadian Trade Commissioner in Singapore. Consular functions with respect to these people have been carried out and will continue to be dealt with by the United Kingdom Minister and Consul-General in Saigon. Any enquiries which you or members of your staff might receive for assistance of a consular nature should be referred to the United Kingdom Consular officers. You will be provided with a list of Canadians resident in Indochina with indications of their approximate location.

Security

37. A separate memorandum† is attached concerning security, which you and all advisers should read with care. You may take it for granted that the Communists will use all means available to them to secure information concerning the reports you are making and the instructions you are receiving, and consequently the precautions outlined in the attached memorandum are to be rigorously observed by all Canadian personnel.

38. On behalf of the Government I extend to you all our very best wishes for the success of your important mission, and my gratitude to you personally for the spirit of service to your country and to peace which has inspired you to undertake its leadership.

Yours sincerely,
L.B. PEARSON

[32] Non retrouvé./Not located.

753.

DEA/50052-A-40

Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

TELEGRAM 35

Hanoi, August 31, 1954

CONFIDENTIAL. IMPORTANT.

CIVIL RIGHTS IN VIETNAM

I have raised in the Commission the importance of doing everything we can to see that the guarantees in Article 14 (c) and (d) are carried out. Freedom to move from one zone to the other is important to many in Vietnam, particularly the large number of Roman Catholics in the north. It is claimed by many that this right is not known or understood in the north, though there are contrary stories that the right is known but that people prefer to stay put. There are also charges that the Vietminh are exercising pressure and intimidation to prevent people going south.

2. In any event the first step is to see that Article 14 (c) and (d) is as widely published as possible. Thereafter comes the job of investigating complaints.

3. The Commission is therefore asking both parties to give the full publicity of press, radio and hand bills to a Commission announcement explaining in simple terms the rights afforded by the agreement. It concludes by saying that it will be the duty of the Commission to investigate any complaints that these or any other provisions of the agreement are not being faithfully carried out.

4. 48 hours after this request has been delivered to the French Union and the Vietminh Liaison Mission it will be released to the press.

754.

DEA/50052-A-40

Le commissaire de la Commission internationale de surveillance pour le Vietnam au sous-secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Under-Secretary of State for External Affairs

LETTER NO. 32

Hanoi, September 18, 1954

SECRET

Reference: Our Letter No. 30 of September 14.†

The more we think about the implications of the problem raised by these petitions, the more it seems to bring us closer to the essential responsibilities of the Commission, not only for the control of military equipment or personnel movements but also in relation to the problem of democratic freedoms and of the elections.

2. Already the Apostolic delegate, the Vietnam National authorities and the French Liaison missions have taken us into their confidence and expressed their great concern as to the fate of hundreds of thousands of Christians who are in Viet Minh-controlled territory and who are not given any facilities, indeed who are prevented from leaving for the South as they are entitled to.

3. All are agreed that the Commission had no choice but to refer complaints and petitions to the party concerned in the first instance: the alternative, for the Commission itself to undertake the investigation, would have implied a lack of faith in the two parties and would have required, as we pointed out in our previous letters, an expansion of the Commission services and personnel which are well beyond its present possibilities. Yet, even this first decision is not without its difficulties: if a complaint is referred to the Democratic Republic authorities, how can the Commission ensure that the persons concerned are not penalized? Obviously, as we pointed out in our letter of September 14 it would be fatal for the Commission's prestige if this were to happen but, clearly, it will be very difficult, perhaps impossible for the Commission to exercise effective control.

4. There is another difficulty: if one side or the other delays its reply or replies that there is no problem or that the problem has been exaggerated, what should then be the course of the Commission? To accept the answer without question may be to encourage or to sanction dishonesty. To undertake an investigation may be no less difficult: the Commission will have first to agree that one is desirable. And even if the Commission agrees that an investigation has to be undertaken, the authorities concerned will have to be given notice and the results may prove to be very disappointing.

5. To take a concrete example, let us suppose that a village of some four or five hundred persons sends a petition stating that facilities for moving South have been denied. All those with whom we have discussed the problem assure us that if a team is sent to visit the locality in question, none of the villagers will speak up: the Viet Minh can remove children or parents some distance away and those who are left behind will give every assurance that they are not Christians or that they are perfectly free but quite unwilling to move.

6. In fact, we are told by the French Liaison Mission that while they have considered this problem for some time, they have so far not been able to find any satisfactory solution. Their files are building up and they are reluctant to submit them to the Commission because of their fear of reprisals against those who have signed such complaints and petitions and because they do not see how the Commission will be in a position either to provide any protection or to check up effectively any answers which may be given by the Democratic Republic authorities.

7. For the time being, complaints are being received in very large numbers, mostly of course against the Vietnam National Government — this is no doubt due to the fact that the headquarters of the Commission are located in Hanoi — and it is not certain that the French High Command and the Vietnam National authorities will very readily co-operate in providing answers or that the Commission will have much greater facilities or success in investigations south of the 17th parallel: the French military forces are pulling out after a bad defeat and their mood is anything but co-operative. As for the Vietnam authorities, they seem to be very inefficient and inclined to drag their feet as much as they can in the execution of the Geneva agreement. The prospects of success and co-operation are not good on either side and I fear that fairly soon the Commission will be faced with inescapable, unpleasant and perhaps largely insoluble difficulties even if the present harmonious co-operation between the three members were to continue. The additional risk is that this spirit of co-operation may be subjected to critical stresses precisely when these crucial issues have to be solved.

8. The problems, it will be appreciated, which arise in connection with refugees are not different in essence, it seems, from those which will be encountered when the Commission attempts to ascertain the degree of democratic freedom enjoyed in various parts of the country and the prospects of holding an election which can give an objective indication of the views of the population. Here again the hard choice may be between the uncritical acceptance of the assurances given by both sides and the almost impossible task of carrying out effective investigations in an atmosphere of deceit and terror. I confess that, at this stage at least, I cannot yet see any clear answer to the dilemma.

9. This raises, of course, the question of the tasks to be assigned to the fixed and to the mobile teams; the Agreement itself envisages that their freedom of movement will be somewhat limited and that their responsibilities will be chiefly of a military character. It may be that, in order to perform its functions properly, later on, the Commission may call on these teams to undertake other duties, to check for instance, within their sphere of free movement, whether both sides have really informed the population as to the right to live in either zone. If agreement could be reached on this point, as we get nearer the elections, the duties of the teams in the political field might expand to the point where their composition might be re-examined; political advisers might be added to the team or they might replace some of their military members. The Commission will have to receive information of this nature not only concerning frontier areas but throughout the country, and it is a question whether both sides will be prepared to allow, later on, fixed and mobile teams concerned with the investigation of political conditions to move more freely, or whether other machinery, a civilian kind of team, will have to be developed.

10. I doubt whether these teams can ever become familiar enough with the country, whether they can know enough of the language to provide really conclusive evidence as to the real conditions. Perhaps in time Commission personnel will develop methods of enquiry, discover ways and means of affording some protection to those who will give them information, but, at best, within the two years which are to elapse before the elections, their effectiveness is not likely to be very great. Whether it will be sufficient to have a restraining influence remains perhaps

the only hope. After all, if these teams accompanied by interpreters can move relatively quickly and freely, without notice, both sides may be compelled to be more moderate than they would have been in other circumstances and, in the end, this may be the modest measure of the Commission's success.

11. The above are only tentative views which have occurred to us as we are trying to assess the scope and the nature of a difficult problem. As new material becomes available and as the Commission acquires more experience, means of developing adequate solutions may suggest themselves more readily. It would be of assistance to us, however, if you could let us have your comments on the general approach we now envisage the Commission might adopt in dealing with this matter.

R.M. MACDONNELL

755. DEA/50052-A-40

Le commissaire de la Commission internationale de surveillance pour le Vietnam au sous-secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Under-Secretary of State for External Affairs

LETTER NO. 78 Hanoi, October 2, 1954

SECRET

Reference: Our Letter No. 23 of September 9.†

POLISH CO-OPERATION

On October 1 the Commission narrowly avoided its first split vote, with Canada and India on one side and Poland on the other. When the Polish member realized that he would be outvoted, he dropped his plan and produced a new one which was acceptable to the Indian and myself.

2. The issue was more far-reaching than might appear at first glance. The Commission had decided to send a mobile team to investigate a fresh incident in Central Vietnam, where people had been killed and wounded in an encounter between the local population and troops of the Vietnam army. A number of these disturbing incidents are under investigation by Commission teams. The Polish member proposed that the team being sent out the following day from Hanoi should be accompanied by liaison officers from both sides, as had been done on a previous occasion.

3. We have reported elsewhere on the strong French objections to having any sort of joint investigation of incidents in their zone and their serious reluctance to having even liaison officers or observers from the Democratic Republic present at investigations. They considered that such observers would be capable of stirring up a good deal of trouble, and they accepted the Commission's proposal for liaison officers on a previous occasion only because it was an essential part of a compro-

mise which would overcome a deadlock in the Joint Commission and get an investigation started at once.

4. The Polish proposal was essentially an attempt to establish the principle that whenever the Commission conducts an investigation, liaison officers from both sides should be present. Since all the incidents so far have taken place in the French zone, and since it is unlikely that we will hear of many incidents in the zone of the Democratic Republic, this would be a one-sided arrangement and would enable officers of the Democratic Republic to be present at many points in Central and Southern Vietnam when Commission teams were conducting investigations. This would, to say the least, have an unsettling effect.

5. The Chairman opposed the Polish proposal with skill and patience. He explained that no precedent had been established when we attached liaison officers to our teams on a previous occasion; that had been a particular solution for a particular problem. In the present instance we had not been asked to act by the two parties, but had decided to conduct an investigation on our own initiative. The team was not intended to assess responsibility or apportion blame, but merely to obtain the facts as quickly as possible for the Commission's consideration. In his view there was no parallel between this case and the earlier cases where liaison officers had been attached to teams. I supported him and made the additional point that the Commission must retain freedom to conduct its own investigations as it wished, with or without liaison officers as the circumstances might require.

6. The Polish member argued in rebuttal that you could not have one type of investigation for one incident and a different type for another; all incidents must be treated in the same way. Then when he saw that the Indian and I were not going to alter our positions, he produced a new suggestion. He had earlier proposed that a team of political officers be sent to Central Vietnam to make a quick survey of what seemed to be going wrong. The Indian and I, while prepared to consider the proposal, were doubtful whether a quick trip of this sort would produce very useful results, and were inclined to think that it might be better to await a report from the team at Tourane. The Pole now proposed that we send a mobile team which would include political officers and would first of all confer with the fixed team in Tourane (which has had the assistance of Mr. Kilgour, the Canadian Deputy Secretary-General for more than ten days), and bring back a report on the progress they are making. The mobile team could then investigate the new incident if it liked. He made no further reference to a liaison officer from the Democratic Republic. This proposal was acceptable to the Chairman and myself, and early the following morning a team left for Tourane which included Major Leach, Canadian Army, and Mr. Crépault, political adviser.

7. It remains to be seen whether this near-dispute betokens a new and firmer Polish line.

R.M. MACDONNELL

756. DEA/50052-A-40

Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

TELEGRAM 115 Hanoi, October 13, 1954

CONFIDENTIAL

Reference: Our telegram No. 105 of October 8.†

PROGRESS REPORT

1. The commission held an important meeting on October 12.

2. *Investigation of incidents in the south* — the commission had a preliminary discussion on the 2 reports received so far from the teams which investigated these incidents. While it was agreed that final decisions should not be made before the third report from the Tourane team was received, the commission felt that no attempt should be made to assign blame but rather to make recommendations to prevent similar incidents in the future. I suggested that;

(a) both sides should be urged to take special precautions and to cooperate with the commission, as in Hanoi, for the hand-over of any area;

(b) that DR authorities should instruct their sympathizers not to encourage manifestations which might lead to difficulties;

(c) French Union forces should select and instruct carefully the units involved in these operations. The Polish Ambassador readily approved this suggestion.

3. *Freedom of movement* — while arrangements are being discussed for the setting up of a committee to deal with the problem as a whole, the French suggested that a special mobile team should be sent to one or two areas in the north where they have reason to believe large groups of persons wish to leave for the south. The commission agreed to send a team. A difficulty has arisen about whether it should be accompanied by liaison officers but both sides may be satisfied to be represented by their own interpreters.

4. *Organization* — the commission quickly reached agreement on a suggestion from the committee on fixed teams that these teams must have freedom to move widely through their areas and that the whole of Viet Nam should be divided into 14 areas to be allotted to the teams. The Polish representative readily agreed to this and pointed out that such a decision was in accordance with the wishes of both parties who have indicated that the teams were expected to travel continuously in the areas surrounding the points at which they are located.

5. *Prisoners of war* — the French liaison mission urgently requested the commission to send a special team to investigate a report that 600 Vietnamese prisoners of war were being held in a specified area in the north. The Polish representative agreed that the matter should be investigated but through a team of the joint com-

mission in accordance with a procedure suggested by the commission in late August and accepted by both sides. The French have referred to their high command the commission's proposal that the situation should be investigated at once by a joint commission team.

6. *Regroupment of forces* — a number of Soviet and Norwegian ships are evacuating Viet Minh forces to the north from their concentration areas in the south. The French, suspecting that prisoners of war and internees might be forcibly removed to the north, requested the commission to appoint teams to ensure that only authorized personnel are carried. Teams in Cap St. Jacques and Qui Nhon are now engaged in the task. One of the ships having left Qui Nhon before the arrival of the team, the French requested that the team in Tourane should be instructed to board the ship when it puts into that port. The Polish representative formally stated that if the commission felt that this should be done, he would not object. He pointed out that a serious precedent was involved. DR authorities might suggest that United States ships in Saigon might be inspected and that the French could board and visit any ship which happened to be in a port under their control. The commission agreed with the chairman that if the French so desired, a commission team might observe boarding and visit of Soviet ship in Tourane by French Union officials.

7. You will note that a number of important and potentially controversial problems were cleared up in the course of the meeting. Polish attitude has remained cooperative and objective. Feel that for the immediate future at least good progress can now be made in a number of fields.

757.

DEA/50052-A-40

Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

TELEGRAM 119

Hanoi, October 15, 1954

CONFIDENTIAL

Reference: Our telegram No. 105 of October 8.†

WEEKLY REPORT ON VIETNAM COMMISSION
REGROUPMENT OF FORCES THE HANOI AREA

1. Military occupation of the Hanoi perimeter was effected over the weekend without incidents.

2. The Democratic Republic authorities have taken over very efficiently the administration of the city. There is every indication that the move was carefully planned and carried out with remarkable assurance.

3. As usual the Communists had given careful thought to propaganda aspects of the operation — the city was immediately covered with flags and posters. Parades

and meetings have been held regularly and elaborate preparations are being made for Ho Chi Minh's arrival.

4. *Freedom of movement* — Having considered the Franco-Vietnamese proposals the Commission on October 8 confirmed its earlier decision to suggest the setting up of a committee to deal in co-operation with representatives of both parties with the whole problem of movement from one zone to the other. Both sides will meet with the Commission to discuss the problem on October 15 and to indicate what steps they have taken to disseminate information in their zones on the relevant sections of the Geneva Agreement and to assist persons who wish to move.

5. *Exchange of prisoners of war* — A French Union soldier has escaped from a camp and reported to the fixed team at Lao-Kay that some 400 French Union prisoners are being held in 2 camps near Tuyen Quang. The Commission on October 13 requested immediate comments from the Democratic Republic authorities.

6. On October 14 another escaped prisoner of war turned up at our office with a French liaison officer and requested protection and repatriation for himself and his wife. He was referred to the Commission where he made a statement and was advised to surrender to the Democratic Republic authorities who would be approached for the disposition of his case.

7. The French appealed this decision and urged that the escaped prisoner be turned over to them or held in custody by the Commission. (The story had leaked to the press who were most insistent to talk to the prisoner). The Commission discussed the matter and suggested to both parties that in the future persons claiming to be escaped prisoners of war would be given the opportunity of stating their case and then handed over for safe custody to the local authorities indicated by the liaison mission of the government in control of the territory where the prisoner of war reported to the Commission. The government in question would investigate the case and consider the prisoner as "under trial" and available to the Commission. When the report was received the Commission would either request the liberation of the prisoner or his surrender to the authorities concerned. The Democratic Republic authorities agreed to accept custody of the prisoner. The French and the Democratic Republic liaison missions have referred the general proposal to their High Commands. A full report on this dramatic incident and discussion going forward in next bag.

8. The Indians and the Poles were at first inclined to consider that these prisoners were petitioners and that having stated their case they could not expect the Commission to do more than make the usual enquiry from the authorities concerned. At our insistence, the principle that the local authorities should be responsible not only for investigation but for the "safe custody" of the prisoners pending the disposition of their case was accepted.

9. There is mounting evidence that fairly substantial groups of prisoners of war have not yet been surrendered. The Commission may now request both parties to indicate where they stand in the matter and possibly ask them to give a pledge that by say a certain date all prisoners of war will be returned.

10. *Organization* — On October 13 it was agreed that in the future when teams are requested by one side or the other, they will be accompanied by liaison officers

and interpreters from both sides. When teams are sent by the Commission at its own initiative only interpreters drawn from a panel submitted by both sides will be required.

11. On October 21st a Canadian and a Polish officer will proceed to Saigon and assist Indian officer there in making arrangements to set up the Commission office. The political officers representing each delegation will go later. It was decided on October 14 that they might accompany the Commission on its next visit to Saigon and perhaps remain there if, by then, adequate accommodation and office facilities were available.

12. *Teams* — On October 14 fixed teams were established at Vinh, Ba Ngoi, Ten Yen and Nha Trang.

13. A mobile team was sent on October 15 to Nam Dinh and Phat Diem area to investigate French claim that large groups of Catholics wish to leave for the South.

14. Teams at Qui Nhon and Cap St. Jacques have observed arrangements made for transportation of Democratic Republic troops from South on Soviet and Norwegian ships and checked that no prisoners of war and civilian internees were involved.

758.

DEA/50052-A-40

Le commissaire par intérim de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Acting Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

DESPATCH 109

Hanoi, October 19, 1954

CONFIDENTIAL

Reference: Our telegram No. 119 of October 15.

FREEDOM OF MOVEMENT IN NORTH VIETNAM CATHOLIC POPULATION

In our telegram No. 119 of October 15, we informed you that a Mobile Team had been sent by the Commission to the Nam Dinh and the Phat Diem area, to investigate complaints filed by the French Liaison Mission, to the effect that a large group of Catholics in that area were being prevented from moving to South Vietnam. This team proceeded to Nam Dinh on October 15, consisting of one member from each delegation (Captain Bérubé representing us), and of Madame Ciechanowska, the Deputy Secretary-General in charge of Petitions. In view of its preliminary findings and of the great number of petitions which it received on arrival in Nam Dinh, the Mobile Team decided to return to Hanoi the same day in order to make a first report to the Commission. Two copies of this report are attached for your information.†

2. Although there have been many reports in the course of the last month of Catholics being prevented from proceeding to South Vietnam, it was the first time an official complaint had been submitted on the subject by the French Liaison Mis-

sion, and a Mobile Team sent by the Commission to investigate. The preliminary findings of the team are therefore particularly significant.

3. Both from the report of the team and from our conversations with Captain Bérubé, one main feature seems to come out, namely, that the Catholic population, at least in the Nam Dinh area, does not appear any longer especially anxious at this stage to evacuate. After all the publicity and importance originally attached to this problem of evacuation of the Catholic population from the North to the South, this tentative finding by the Mobile Team may appear a little startling. And yet, a close examination of the various possible factors which may at present be bearing on this group of the population in the Nam Dinh area seems to be able to provide some reasonable explanations for this apparent change of attitude. The team has now been requested by the Commission to return to Nam Dinh for a few more days in order to complete its investigation, and to attempt to clarify some of the contradictory evidence which it had gathered on its first visit. If the second report of the team confirms in general its provisional findings, then a completely new light will have been thrown on this problem of evacuation to South Vietnam, and the French authorities may very well find it desirable to ease up the attention which they have been trying to muster on the problem.

4. In fact, in an informal conversation today with members of the French Liaison Mission, we have been given to understand that the French authorities have already begun to think of re-assessing their policies on this matter, partly, as already suggested, because of the possibility that their efforts may meet with little success, and partly by the fear of Viet Minh retaliation in the form of agitation among the refugee groups which have reached South Vietnam. The French authorities were probably too pressed at the outset to give proper consideration to all the implications of their policies regarding movements of population from the North to the South, and their early policies on the matter may now be proving less wise on a long-term basis than originally anticipated. We also gather that the French authorities are becoming more attentive to the potential advantages of having some Catholic strong-holds in North Vietnam at the time when the Vietnamese people are called to the polls in July, 1956. The evacuation from the North of all sympathetic and likely democratic elements might indeed mean a solid Viet Minh vote in at least half of the country, which, added to the greater population of North Vietnam and to the gains which it would surely make here and there in the South, could very well result in a House of Representatives hopelessly under Viet Minh control.

5. For our part, we are for the present inclined to believe, unless some new and conclusive evidence comes to the fore, that the Team's preliminary report probably gives a fairly accurate picture of the state of mind of the Catholic population in the Nam Dinh area, if not in other similar places. We can indeed think of three important factors which may have genuinely influenced the Catholic population in the area to decide to stay where it is:

(a) It would seem from most reports that the Catholic population in North Vietnam has been enjoying so far a generally wide freedom to practice their religion. While we have the right to assume this policy might not be followed indefinitely, there is a fair chance that the Viet Minh authorities will not disturb the pattern of

village life and of the religious activities which go with it as long as there is a chance that the Commission might make investigations and that any pressure against the Catholics might mean less unanimity in the general elections. The basic reason for the Catholics to ask for evacuation to South Vietnam is, therefore, for the time being hardly existent;

(b) It is often said that the Oriental mind tends to look at things with a very long-range view and that the villager is above all influenced by his deep attachment to his land and village. Many of the petitions collected in Nam Dinh by the Team made reference to the harsh conditions under which they were called upon to live during the war under "French occupation"; granted that many of these petitions may have been submitted at the instigation of the local authorities and that many of the bad conditions which existed before may have been more the result of war rather than the result of the French presence, one may venture to think that the population in general, whether Catholic or not, may consider the present conditions as an improvement and as adequate assurance that they will be able to remain at their ancestral homes without any undue change in their daily life. The Tonkinese in particular have been so often overrun by various races and types of government throughout their long history, that they probably feel that they can now manage to get along under the new régime with no more difficulties than in the past;

(c) News from some of the persons who were evacuated to the South has now begun to filter back to their village of origin; while some organs of the South Vietnamese Government have made a sincere effort to have refugees from the North re-settled as comfortably and as quickly as possible, hundreds of them are still lingering in refugee camps where most deplorable living conditions exist. It is certain that some of the reports from these refugee camps are no enticement for other Catholics to leave everything which they cherish, and to move to a new land of many unknowns, and possibly of many sufferings and hardships before they can be properly looked after by the Government of South Vietnam. The members of the French Liaison Mission themselves have confided in us that the South Vietnamese Government has failed in many ways to cope with the refugee problem and that in the present circumstances many of the persons who were evacuated would gladly return to their old village if given the opportunity.

6. Apart from these three important factors which, we should assume, must not have been without affecting the people's attitude on this subject of evacuation, it is also conceivable that the Viet Minh authorities themselves took a few steps in order to be even more certain of the result of the investigation by the Mobile Team:

(a) There was a delay of several days between the time when the Commission decided to send a team, and the team's arrival in Nam Dinh; there was, therefore, no element of surprise in the visit and the Viet Minh authorities had ample time to ensure that the local residents were properly "informed" and "briefed";

(b) Assuming that there had been community leaders who may have had the courage to speak up — but there has been so far no evidence to that effect — the Viet Minh authorities would have had plenty of time to remove or neutralise these persons;

(c) Judging, for instance, by the performance of the Viet Minh in Hanoi since the take-over, in organizing their services and in getting the wheels of propaganda efficiently in operation only a few hours after their arrival, there can be little doubt that the Viet Minh could have also organized the people of Nam Dinh in such a way as to have put on a convincing show. This may have been done in several ways — either through threats of violence or reprisal, or a large sprinkling of Vietnamese soldiers and police in the various crowds which beset the team during its visit, merely through the training which they had already successfully instilled in the peoples of that region.

7. Since there are for the moment few reasons to believe that the situation presented by the above considerations is likely to vary much from one area to another in North Vietnam, there would seem to be little that the Commission, or for that matter, our delegation could do to alter this state of affairs. It is certainly not the task of the Commission, nor of any of its members individually, to assign to itself the task of ferreting out those persons who may have at one time or another wanted to be evacuated, but who now, by reason of one or more of the factors outlined above, have decided to remain where they are. This may mean, at best, that the Commission must be content with keeping a close watch on all those regions the populations of which, because of their political or religious sympathies, are more likely to be subjected to whatever pressure the Viet Minh may consider necessary to consolidate their position, and to achieve the unification of North Vietnam. In other words, having failed to establish in concrete terms that obstacles are being placed in the way of those people who may still want to go to South Vietnam, it would seem that the Commission can only attempt, by the means at its disposal, to ensure that for the people who stay behind there remains at least freedom of movement, in case they wish to use it, and that their democratic rights are safeguarded.

8. This is a task which may have to be done for some time by mobile teams, as the present mobile team will be doing in the Nam Dinh area during the next two or three days, but which may later on be taken over by the fixed teams as they become established, and as they are empowered to travel freely everywhere within their respective areas.

9. From the delegation's point of view, this will also mean that we will have to continue to brief very carefully the Canadian members of the teams on what exactly is expected of the Commission in the field of freedom of movement. The proposed Committee on Freedoms should prove of considerable assistance in directing the teams' activities in this connection. In some places, for instance, and particularly in the North, the villagers may have been told what they should say to team members, and it is only after they have recited their set speeches that the members of teams might be able to get anywhere in their search for the truth.

10. We shall not fail to let you know if the second report from this mobile team reveals any new evidence which necessitates re-evaluation of the situation and of the related problems to which we have referred above.

M. CADIEUX

759.

DEA/50052-A-40

Le commissaire par intérim de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Acting Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

DESPATCH 110

Hanoi, October 19, 1954

SECRET

Reference: Our Despatch No. 109 of Oct. 19.

THE INTERNATIONAL COMMISSION AND THE IMPLEMENTATION OF THE GENEVA AGREEMENT

We have already discussed in another communication some of the immediate and practical implications of the quick investigation undertaken by a mobile team of the International Commission in an area under the control of the Democratic Republic, where the French suspected that there might be a large Catholic population wishing to be moved to the South. The failure of the team to produce any evidence of the kind which might have been expected raised also wider problems concerning the future of the Commission and our own position in relation thereto.

2. The Commission is faced with the task of supervising and controlling the implementation of the Geneva Agreement by two very different parties. On one side, there is a dictatorial, totalitarian and ruthlessly efficient régime; on the other, authority is divided between the French and the Vietnamese Government and to some extent democratic freedoms are allowed. As a result, it is easy to foresee that all the principles and procedures which are now being developed by the Commission to assist both parties in carrying out the terms of the Agreement concerning the exchange of prisoners, freedom of movement, democratic rights, will often work to the advantage of the Democratic Republic régime.

3. It is now clear that both sides are still holding prisoners of war. In a few months, the French Union forces will find it very difficult to get accurate and recent information as to the location of D.R. camps. The D.R. authorities, for their part, with their sympathisers in the South, will not experience the same handicap. Requests for investigation will come from the D.R. authorities and it is only too likely that the results will not be favourable to the French Union.

4. Similarly, given the nature of the two régimes, I doubt whether many people will complain in the North concerning the lack of democratic freedom; in the South, if the D.R. authorities so desire, the office of the Commission in Saigon will be swamped with petitions and complaints. I am not suggesting that the National Vietnamese Government will be worse than the Democratic Republic, but in checking up whether both parties are carrying out their obligations under the Geneva

Agreement, the activities of the Commission are more likely to result in embarrassment for the South.

5. Given the outcome of the Nam Dinh experiment, I am less and less optimistic as to the prospects of being able to move quickly enough to surprise the D.R. authorities and to induce them to release many prisoners of war or to allow many Catholics to move South. And I am afraid that any results which may be achieved in the South will just assist the D.R. authorities in their propaganda and in their struggle for seizing power in that area also later on.

6. Such being the situation, the French may reach the conclusion that the activities of the Commission will complicate their task in the South. Probably, until the regroupment of forces has been completed, they will continue to require the assistance of the Commission to solve any difficulties which may arise, and their attitude may not change for a while. After the 300 days have elapsed they may become less and less inclined to co-operate. I am also concerned that they, as well as large bodies of the public in other countries, may feel that as members of the Commission we have condoned in the North a situation which is really intolerable while, at the same time, we have become involved in operations in the South which have been exploited by the Communists for their own purposes.

7. When we come to think in terms of elections, the same problems arise necessarily: the Communists, under the terms of the Geneva Agreement, will be able to carry on their activities in the South and they will be in a position to appeal to the Commission if there is any interference. At the same time, I cannot imagine that the Vietnamese National authorities — weak, inexperienced as they are — will be able to organize anything worthwhile in the North. And even if they tried, it would be almost impossible for them to establish the fact that they did not enjoy the same facilities in the North as the Communists in the South.

8. Perhaps we are too pessimistic and the picture we have just sketched is too dark. It may be that the D.R. authorities will not press their advantage and that they will take a conciliatory attitude, leaving open such possibilities, for instance, as the setting-up of a coalition government for the whole country. But there is also the other possibility that, as they have done so far, they will pursue vigorously their objective of extending their control to the whole country. Were this to happen, I foresee that our own position may become increasingly more difficult and somewhat embarrassing. The sad fact is that having lost their war against the Viet Minh, the French have in effect surrendered the population in the North, including the Catholics and perhaps many prisoners; and they are still faced with the problem of Communist infiltration in the South. What they have been unable to obtain by force of arms they cannot expect the Commission — and even less the Canadian Delegate — to achieve. The French may discover that for the type of dinner they have arranged in Geneva, their spoon is not long enough.

9. As long as the Democratic Republic do not violate the terms of the Agreement or it cannot be proven that they do, we will have to accept the inevitable consequences of the French defeat. The Commission cannot attempt to compel a Communist régime to be democratic or to assist the French to cut their losses in the North or to resist Communist penetration in the South.

10. This does not mean that, on the whole, the Commission may not yet have a useful task to perform. A substantial number of prisoners of war have been exchanged; through pressure on both sides rather than through investigations by mobile teams, the Commission may encourage further exchanges on a *quid pro quo* basis; the regroupment of forces will be an important accomplishment and the Commission has an important role to play in this respect. And what is more significant, as long as both parties can negotiate, if necessary through the Commission, there is less danger of a new outbreak of hostilities. These, I would consider to be the main achievements to be hoped for: whether all persons who wish to move to another zone will be able to do so, whether democratic freedoms will really be enjoyed in both zones and whether all prisoners of war will be released is more uncertain but, considering the overall picture, perhaps of lesser importance. The ideal would be, of course, to achieve all objectives but failure to achieve fully those which are of secondary importance should not be allowed to obscure the fact that the main provisions of the Agreement are likely to be carried out.

M. CADIEUX

760.

DEA/50052-A-40

Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

TELEGRAM 135

Hanoi, October 27, 1954

CONFIDENTIAL

Reference: Our telegram No. 119 of October 15.

WEEKLY REPORT ON VIETNAM COMMISSION

In view of delays involved in transmission of long messages to Saigon and New Delhi we now propose for the time being to send our weekly report to New Delhi through courier leaving Hanoi on Wednesdays. This report covers period October 16 to 26, but following reports will be prepared at weekly intervals.

2. *Regroupment of forces.* On October 21 and 25 the Commission met with the liaison officers from both sides and requested additional information to deal with the problem of the area to be surrendered by the Democratic Republic authorities as the second instalment in the central sector at the end of the 100 day period.

3. At the meeting on October 26 it transpired that both parties were discussing in the Joint Commission an alternative French proposal (that?) at the end of 100 day period Democratic Republic will surrender area they suggested, but they would surrender area claimed by the French at the end of the 200 day period. Prospects of agreed arrangement which is in line with Indian and Canadian views seem good.

4. *Freedom of movement.* At the meeting of October 15 the French Liaison Mission naturally accepted the Commission's slightly modified version of their own proposal for a Committee to deal with the problem as a whole. The Democratic Republic suggested instead a sub-Committee of the Joint Commission, arguing that the parties themselves were responsible for the implementation of the agreement and that the Commission could not cope with the large number of cases involved. The Chairman insisted that the proposed Committee would merely supplement the action of both parties, supervise their operations and arbitrate any differences which might arise. The Democratic Republic representative agreed to consult his authorities and to discuss the matter again on Monday October 18. In the end it was agreed that both the Joint Commission and the International Commission would set up committees to work in close liaison, primary responsibility would rest with the Joint Commission body but the other could take the initiative of making general recommendations or of sending mobile teams to investigate particular incidents. The 2 committees will be concerned with freedom of movement and democratic freedoms generally.

5. *Prisoners of war.* (Reference paragraphs 7 and 8 of our telegram No. 119 of October 15.) The Democratic Republic authorities after investigation reported that the young man in question was a deserter from French Union forces, he had never been arrested by the Democratic Republic authorities but pretended to the French that he had escaped from a P/W camp to avoid court martial and to be evacuated to the south; he had now changed his mind and wished to remain in the north.

6. The Chairman and the Polish Commissioner felt that the young man should be released. We argued that if he had been a P/W he would have been returned to the French, if he had been guilty of a criminal offence he would have been left to the Democratic Republic authorities, his case now appeared to be that of a civilian making a choice as to his zone of residence. There was conflicting evidence concerning his intentions and we suggested that he might appear before a mobile team of the Commission at the Haiduong perimeter to be given an opportunity of expressing his wishes under conditions which left no possible doubt as to his complete freedom. To meet our point the Chairman proposed that the young man should be interviewed by the Committee on Freedoms in Hanoi.

7. We were not completely satisfied that no pressure was applied to obtain a statement favourable to the Democratic Republic but we had to assume that the Democratic Republic authorities would act in good faith and place no obstacles in his way if the young man decided to go south later. We accepted, therefore the above compromise arrangement.

8. *Teams.* (Reference paragraph 13 of our telegram No. 119 of October 15.) The mobile team reported that during its short stay in Nam Dinh conflicting evidence was submitted. The Commission decided that a more thorough investigation should be undertaken. At the suggestion of Polish representative it was agreed that the team should also enquire whether pressure was exercised to induce people to go south etc. Polish Deputy Secretary General who accompanies the team has done her best to postpone this second trip (which is now scheduled for October 28) and had suggested one sided instructions which have now been revised and are more bal-

anced and objective. There are disturbing indications that Polish delegation and Democratic Republic authorities will cooperate so that teams do not find any damaging evidence but gather material which may serve Democratic Republic propaganda purposes.

9. The operations sub-committee has still not been able to issue instructions to the fixed teams on their radius of action. The Canadian proposal has been agreed to with a few minor exceptions by the Indian member but the Poles have neither agreed nor forwarded a counter proposition. The Canadian and Indian members have been trying without success to induce the Polish member to agree to their joint proposal, state his objections to it with a view to a compromise, or to bring forward a Polish proposition for discussion. It is the opinion of the Canadian members that the Poles are purposely delaying the issue of the instructions to prevent the fixed teams from being allowed to move around the country at will. Remarks made by the Indian members indicate that they agree with the Canadian opinion.

10. The Polish member of the operations sub-committee did his best to prevent the Commission from carrying out a road reconnaissance from Hanoi to Lang Song. He was overruled by the Chairman and the reconnaissance party will leave Hanoi on 28 October.

11. A mobile team was sent to North Quang Gnai to observe the takeover of the northern portion of the province from the DPR by French Union forces. They report that the French Union forces are not expected to arrive in Quang Gnai until 31 October.

12. The Polish ship *Kilinski*, reported to be carrying 3000 troops and 100 tons of arms, left Qui Nhon on 23 October bound for Gua Hoi and Samson.

13. The Tourane fixed team are still investigating the Ain Ghia incident and expect to submit their report by 30 October.

14. *General.* Blair Fraser arrived Hanoi October 22 and left 26. We arranged entry and exit visas, accommodation and interviews with commissioners, chiefs of liaison missions and other officials.

761.

DEA/50052-A-40

Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

TELEGRAM 148

Hanoi, November 5, 1954

SECRET. IMPORTANT.

Reference: Our telegram No. 135 of October 27.

WEEKLY PROGRESS REPORT FOR VIETNAM

1. It would seem that my arrival in Hanoi has coincided with the discussion in the Commission of a number of delicate problems and of several other items. The organizational stage is now apparently over and many of our present problems bring up questions of principle intimately related to the basic spirit of the Geneva Agreement.

2. *Mobility of fixed teams.* The question of the fixed teams mobility, which the Operations Committee has in vain tried to solve for over 10 days, was referred back to the Commission for reviewing in the light of a communication from the Democratic Republic liaison mission in which the Democratic Republic indicated its non-acceptance of the principle of complete freedom of movement for fixed teams within their respective zones of action. Although, as we have reported to you in our telegram No. 115 of October 13, paragraph 4, the Commission was considered to have agreed unanimously that mobility of fixed teams within their zones of action was essential for effective supervision as provided in the agreement, the Polish representative took the line that the agreement meant the fixed teams must be 'fixed' at their respective locations as designated in the agreement and could become mobile outside the scope proposed in Article 36 only for special assignments and upon decision by the Commission.

3. I submitted that a distinction must be drawn between duties of supervision and duties of control. The chairman appeared to agree that such distinction was of importance. The chairman and I argued that the Commission could properly discharge its responsibilities, particularly that relating to supervision, only if its fixed teams were free to travel throughout their given zones. The Polish delegate suggested that the previous decision of the Commission had been intended to facilitate within the Commission the administration and use of fixed teams, but did not cover the question of zones of action for fixed teams. He also attempted to prove, in my view not too convincingly as far as the chairman was concerned, that supervision was for all practical purposes almost synonymous with control and did not justify the thesis that fixed teams should be allowed to 'roam and the country at will and indiscriminately'.

4. I think that we all recognize that this is one of the most important problems to be settled by the Commission, and that a decision on it may very well either assure the success of the Commission's task or impair seriously an honest implementation of the Geneva Agreement. In the face of the obvious deadlock during the last discussion of this question the chairman decided to ask the delegations to have further thought to the matter, for subsequent discussion at today's meeting, November 5.

5. *Prisoners of War.* On November 1, having received a report from the fixed team at Que Nhon that prisoners of war were alleged to be held by both French Union and Democratic Republic forces, the Commission requested both parties to investigate and report quickly. The Commission agreed that in the absence of satisfactory replies, both parties should be requested to send a joint team to carry out the necessary enquiries on the ground.

6. As to the general problem of exchange of prisoners of war and internees, news of further recent exchanges between the 2 sides has made the Commission realize

that both parties still held prisoners of war and that they are still negotiating exchanges. In the circumstances the Commission agreed that the chairman should make another informal approach, urging both parties to expedite a final agreement and giving notice that more formal action might soon be necessary by the Commission to ensure compliance with the provisions of Article 21.

7. *Regroupment of forces* — supervision by Commission teams on November 2, as a result of petitions received from the Haiphong area, the Commission agreed that on the basis of the experience gained in dealing with disputes relating to the orderly transfer of public services general instructions might be sent to fixed teams located in areas surrendered by one party to the other. These teams would thus find it easier to deal with any problem which might arise during the change-over. The instructions would specify that teams should only be concerned with alleged violation of the agreement. Instructions will have to be approved by the Commission.

8. *Freedom of movement.* The mobile team envisaged for Phat Diem left Hanoi as agreed on November 2. At the Monday meeting the chairman, Mr. Desai who had returned from Saigon merely raised the question of instructions to the team. These were agreed upon without difficulty. The team, in its first telegraphic message dated November 3 has reported to the Commission that it has fairly reliable information that there may be as many as 10,000 people desiring to go south from the Phat Diem area. Attempts at interference with fixed teams investigation had been reported, and the chairman has requested the Democratic Republic liaison mission to send immediate instructions for adequate assistance to the mobile team to carry out its investigation unhindered by popular demonstrations or interference. If the figures mentioned by the mobile team are correct, this brings up a problem of evacuation which the Democratic Republic alone might not be able to handle and which may require the intervention of the Commission for assistance from the French Union in the form of ships and other transport facilities.

9. Besides its request for a mobile team to go to Poulo Condore, the Polish delegation sponsored also on November 2, a request by the Democratic Republic authorities to have a mobile team investigate an incident reported to have taken place on October 25, at Cho Ben 180 kilometers southwest of Saigon. The 2 liaison missions have been asked by the Committee on Freedoms to supply as much information as possible both about the situation at Poulo Condore and at Cho Ben. The Committee on Freedoms has been asked to report to the Commission today on these 2 requests. The Commission has already agreed to principle to send a mobile team to Poulo Condore, and it may be expected that a similar decision will be reached for Cho Ben. In line with our attitude so far regarding the use of teams, and in spite of the Polish attitude regarding the sending of teams to North Vietnam, I consider it unwise to deny requests for mobile teams from either side, provided the request is clearly not frivolous and that there is a reasonable minimum of a case.

10. *Resistance of armed units in North Vietnam.* The French liaison mission on November 3, submitted to the Commission a copy of a letter addressed to the Laos Commission from the Commanding Officer of Guerrilla units reported located in Pakha area, east of Lao Kay. Some 7000 men are supposed to be involved. From the communication received it seems that these guerrillas are prepared to lay down

their arms but that they are being prevented from doing so by the Democratic Republic authorities who are attempting to destroy them. This might explain the troops reinforcements around Lao Kay recently reported by our fixed team there. The Commission has requested the 2 sides to try to inform these guerrillas that the Commission has now been seized of their case and to report to the Commission at the earliest what action they intend taking to assist these people.

11. *Teams.* A reconnaissance-maintenance team to Lang Son was prevented by the Democratic Republic authorities from returning by an alternate road. The attitude of the Polish members would tend to indicate collusion with the Democratic Republic in an attempt to keep the Commission's team off this particular road.

12. The mobile teams sent to Quong Gnai to observe the induction of Central Vietnam provisional assembly area and to Hai Duong to supervise the hand over, completed their assignments successfully with no unusual incident to report.

13. The Operations Sub-Committee has formulated a number of recommendations for decrease in number of maintenance trips to fixed teams and in number of maintenance cases by air. The ability of the Operations Sub-Committee to draft satisfactory instructions for fixed teams and to divide Vietnam into 14 zones of action now rests on outcome of the main discussion in the Commission on the principle of complete freedom of movement of fixed teams.

14. *General.* In line with its decision to publicize its activities as much as possible the Commission agreed this week on 2 more press releases regarding the establishment of the Committee on Freedoms and the procedure agreed for withdrawals and transfers in the regrouping areas in the presence of Commission teams.

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Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

DESPATCH 164 Hanoi, November 10, 1954

CONFIDENTIAL

Reference: Our telegram No. 115 of October 13 (para. 4).

ZONES OF ACTION FOR FIXED TEAMS

When we reported in our telegram under reference that the Polish Representative had agreed to the principle of unrestricted freedom of movement for the fixed teams, we thought that an important decision had been made and that it would be comparatively easy to draw up for the fixed teams zones of action which would cover the whole territory of Viet Nam, in such a way that the teams would be free to undertake continuous control and supervision.

2. Soon, however, there were indications in the Operations Committee that there might be difficulties; the Polish Representative raised objections to the delimitation of zones of action for fixed teams as he felt that this could only be done after information was available whether certain points could be covered more readily by one fixed team rather than another. As the local authorities could not or would not allow the teams to circulate until they had received instructions and as instructions could not be drafted and issued before agreement was reached on the zones of action for fixed teams, it soon appeared that an impasse had been reached from a procedural standpoint.

3. In the meantime, the original decision of the Commission had been communicated by the Chairman to both parties. The French Union readily agreed to the Commission's proposals but the D.R. authorities raised a number of legal objections; they agreed that mobile teams could be drawn from the fixed teams but, these mobile teams, outside the zones of action specified for these teams in Article 35, could only move by agreement with the Command of the party concerned. Another impasse had been reached and the matter obviously had to be reconsidered by the Commission.

4. The Polish Ambassador took the line that while fixed teams could become mobile on occasion, it could not be argued that under the Agreement they would be able or free to undertake day-to-day supervision in the whole country. The Agreement foresaw two kinds of teams: fixed and mobile. Fixed teams could only be at fixed points. The D.R. authorities were prepared to agree that, on occasion, these teams might become mobile but then they were subject to the limitations defined in the Agreement as to the operations of mobile teams.

5. The Chairman and I had basically the same position. From a practical point of view, we felt that the Commission could not carry out its tasks of supervision and control unless its teams were allowed to circulate freely. If teams could move only after the agreement of the party concerned had been obtained, this meant that, in effect, teams would only be sent to investigate incidents which had already occurred; this implied a passive and limited role for the Commission. Furthermore, under Article 37, the Commission was given responsibility for control and supervision and this could only be undertaken by its teams, fixed and mobile, to ensure compliance with the terms of the Agreement throughout the whole country. As the Polish Ambassador would not agree, after some three hours of repetitious argumentation, consideration of the item was postponed to the next meeting on Friday November 5.

6. At the following meeting, the Polish Representative took the initiative of suggesting that the matter could be discussed on the next day (Saturday November 6) at an informal meeting of the three Commissioners.

7. Mr. Desai said the question resolved itself into three parts: (a) the legal aspect; (b) the practical aspect; (c) the possibility of having to refer the matter back to the Geneva Powers by way of a request for an amendment to the Agreement, making it clear that the Commission should have the power of complete freedom of movement for the Fixed Teams as well as the Mobile Teams.

8. From the legalistic point of view, he suggested that, if the Commission were questioned as to what supervision it had exercised in the North and South, it would have to admit that it had full powers but unless such powers were exercised over the complete territory by the Fixed Teams, it would not be in a position to say that the Commission had properly exercised the supervisory responsibility placed upon it by Article 36.

9. From the practical point of view, he considered the territory could not be completely covered by Mobile Teams unless we created 14 new mobile teams. It seemed, therefore, necessary that the Fixed Teams should have complete freedom of movement for the purpose of observation, inspection, investigation and control throughout 14 designated territories, which territories would in *toto* cover the whole area required to be under supervision.

10. Thirdly, from the psychological point of view, he considered that, if the teams were fixed with no power of movement, observation, or inspection, their morale would soon deteriorate as they would realize their function was nominal and they were not effectively supervising their respective areas. Also the prestige of the teams and of the Commission would be lowered and in time the Fixed Teams would feel that their function as Fixed Teams was nothing but a farce.

11. The Polish Ambassador said that he could not agree that the Fixed Teams should have powers of inspection or observation as the Mobile Teams have. He referred to Article 35 and argued that the function of the Fixed Teams was set and they were territorially fixed. The zones of action of the Mobile Teams were also set, as to where they could go with complete freedom of movement, and the final sentence of Article 35 clearly showed that beyond the zones of action as defined, the Mobile Teams could carry out their movements within the limits of the tasks given them by the Agreement, only by agreement with the command of the party concerned. He pointed out that the parties had already been very cooperative in allowing the Mobile Teams freedom of movement to any place or in any territory ordered by the Commission itself. He quoted a French proverb to the effect that "rather than seek something better, it is necessary to hold what is good". He felt that we must retain the cooperation of the parties in allowing our Mobile Teams complete freedom of movement, but he thought the parties would object, and could quite properly object, under the terms of Article 35, if the Commission attempted to give complete freedom of movement, even within certain territorial boundaries, to the Fixed Teams.

12. He argued that under the terms of Article 35, the Commission should not give complete liberty of movement to the Fixed Teams but that any task outside their areas as designated by the Geneva Agreement should be given by the Commission itself, after consultation with the liaison missions so that the liaison missions would know where the teams wished to operate and could make the necessary arrangements for their entry. He pointed out that the areas of control of liaison officers do not coincide with the proposed territories to be allotted to the Fixed Teams.

13. I pointed out the difference between *supervision* and *control* as it appears from Article 36. The Chairman agreed with me that the Commission itself was responsible for supervision under Article 36, and that, for the purpose of supervising, the

specific tasks of control, observation, inspection and investigation, it should use its teams. I pointed out, and the Chairman seemed to agree, that Article 38 clearly indicated that the inspection teams were to exercise powers of *supervision* to investigate, control, and inspect, and submit to the Commission itself the results of their supervision, investigation, and observations. The Polish Ambassador pointed out that the word "Supervision" in the English text of Article 38 was an error, and the official French version shows this to be the case, as the word used in it is "contrôle".

14. I pointed out that if the tasks of observation, inspection and investigation were not exercised by the Fixed Teams, they would have to be exercised either by the Commission itself, which would be impracticable, or by a series of Mobile Teams to a number which would be impossible to organize with existing personnel, particularly when there are so many special incidents to be investigated by the Mobile Teams. If the tasks of inspection, control or investigation, and particularly observation, could not be exercised by the Fixed Teams, the work of supervision would be impossible to perform, and the Commission would have to admit that from the practical and the legal point of view there was no real supervision.

15. Also, from the practical point of view, I asked how else than by free movement of the Fixed Teams throughout their allotted territory could the task of control, observation, inspection and investigation be carried out. I also pointed out that Article 38 referred to "the inspection teams" which included both the Mobile and Fixed Teams.

16. I also pointed out the value from a practical point of view and the deterring effect of having the Fixed Teams move through their respective areas so that the people would know they were present. As to the Pole's suggestion that the Fixed Teams were intended to be the same as the Fixed Teams in Korea, I pointed out that in Korea the Neutral Nations Supervisory Commission was subordinate to the Military Armistice Commission. It had been given the specific task of supervising the rotation of military personnel, replacement, etc. Under the Geneva Agreement, the Joint Commission was subordinate to the International Commission and it was the International Commission which had been charged under Article 36 with the responsibility for supervision and the fixed and mobile teams were given to it. It was therefore essential that the teams, both Fixed and Mobile, should be in a position to perform the specific task necessary in order to ensure supervision in accordance with Article 36.

17. After further considerable discussion, it seemed to be agreed between all parties that the Fixed Teams must at least be in a position to *observe*, as part of their duties.

18. The Polish Ambassador again argued Article 35 and stated that at Geneva both parties had reserved their rights as to the freedom of movement of the inspection teams. At first, the French at Geneva had wished to give the teams full freedom of movement and inspection as if the Commission were a "super-governmental body". When it looked as if they might not arrive at an agreement at all, Article 35 was redrafted and certain other provisions were eliminated. The result was that the final sentence was put into Article 35 whereby both parties reserved their right to have

the teams inspect in areas other than those specifically designated, only by agreement with the command of the party concerned.

19. Mr. Desai said that he, while in London, had looked up the daily despatches from the Geneva Conference and found that there had been during the discussions, reservations by both parties as to the free movement of the teams and that the clauses regarding the degree of inspection had been varied from time to time. The final clauses were not drawn until after it had been decided what three nations were to be asked to constitute the International Commission. He agreed it was quite possible that Article 35 could have been redrawn and other provisions in the draft eliminated once it was found that India, Canada and Poland were to constitute the Commission.

20. I then suggested that as all seemed to be agreed that the Fixed Teams should have the right of "observation" and as the Polish Ambassador seemed to think that there was some question of obtaining the cooperation of the parties, there might be some virtue in the Chairman approaching the parties informally with a view to obtaining their reaction to a suggestion that the Commission felt the Fixed Teams should have freedom of movement on their own initiative throughout territorial areas respectively designated to them by the Commission, for purposes of observation. This suggestion was discussed and the Chairman thought it would be in order for him to approach the parties along the above lines in his capacity as Secretary General.

21. We discussed the implications of this suggestion and the Polish Ambassador indicated that he was in favour of trying it, as did the Chairman. I stated that I had not discussed this proposal with my advisers but would do so and let the Chairman know. It was agreed that the Chairman would not approach the parties until he had word from me that the Canadian Delegation considered it in order to do so. It was suggested that fixed teams might be broken down into a fixed element which would remain at its fixed point and a mobile element which would move through its territory to observe.

22. During the afternoon I had a discussion with my advisers on the above question and it was agreed that I should tell Mr. Desai that we were in favour of him approaching the parties informally as Secretary General and see what their reactions would be to a proposal from the Commission that Fixed Teams should have freedom to move on their own initiative throughout the respective territorial areas to be designated by the Commission for the purpose of observation, and without prejudice to their right to exercise their other tasks of control, inspection and investigation, as may be assigned to them by the Commission. It is to be understood that "observation" shall include the establishment of liaison with the local authorities.

23. At the meeting on Monday November 8, the Chairman reported for the record the agreement reached between the three Commissioners as to the action he was to take as Secretary General in approaching the two parties informally with the above suggestion.

24. I well realize the danger that the D.R. authorities may yet refuse to accept this compromise proposal or, if they accept it that they may take it as tantamount to an acceptance by the Commission of their view that for purposes other than observa-

tion, fixed teams will only be allowed to move with their agreement in each particular case. On the other hand, I felt that as long as it was clearly specified that our proposal was without prejudice to other steps which might be considered later, there was some virtue in a gradual approach; if teams were tactful in the initial stages and did not give the impression that they intended to concern themselves with all that the D.R. authorities were doing, whether in fields related to the Agreement or not, their suspicions might be allayed to some extent. Furthermore, if agreement could be reached on freedom for the teams for purposes of observation, the Commission might be in a position to satisfy itself that it was, as far as practicable, controlling and supervising compliance with the Agreement in respect, for instance, of the movement of military personnel and supplies. Mere observations would not, admittedly, be as effective concerning the problem of freedoms but I was concerned as was the Chairman, that if we pressed on this point there was little hope of making any progress now or later, without perhaps a long and complicated reference of the whole matter to the Geneva Powers. It was better, I felt, to ascertain first whether the D.R. Government were prepared at least to take a few steps in what we consider to be the right direction rather than insist that they go the whole way in the knowledge that they might refuse.

SHERWOOD LETT

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Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

TELEGRAM 162

Hanoi, November 12, 1954

SECRET. IMPORTANT.

Reference: Our telegram No. 148 of November 5.

WEEKLY PROGRESS REPORT FOR VIETNAM

1. *Mobility of fixed teams.* We have covered recent developments in our telegram No. 156 of November 10, 1954.†

2. *Regroupment of forces.* The French have now reported that the Democratic Republic authorities will not discuss further territorial withdrawals in central Vietnam as part of the second instalment, and they have appealed to the Commission (our telegram No. 135 of October 27, paragraphs 2 and 3). The matter came before the Commission on Thursday, and it has been agreed that the parties will be called before the Commission to discuss it next week.

3. *Freedom of movement.* A report on the more recent discussions concerning Phat Diem was sent in our telegram No. 154 of November 9.†

4. On Monday the fixed team in Haiphong reported that, according to the French, thousands of refugees wishing to go south were concentrated on a sand island near Phat Diem at the mouth of the Tra-Ly River. During the previous 48 hours, 4200 had been rescued at sea and whole remaining lot might drown due to very high tide expected early on November 9.

5. At a meeting of the Commission with the two liaison missions, the French requested authorization to send planes and ships to bring relief and assist in the evacuation. They suggested that a mobile team should supervise the operation. The Democratic Republic representative required time to consult his high command. At a further meeting at 5 o'clock on the same day he denied urgency of the situation claimed that local authorities could cope with it and that they were responsible. French offer of assistance was turned down.

6. The Commission was prepared to send a mobile team, but in view of order given to Democratic Republic forces to prevent violation of territorial boundaries, French ships or planes could not be used. Commission cars could not be sent either before Democratic Republic authorities had investigated and could determine practicable roads. This could not be completed before 5 pm on the following day. In fact reports became available only late on the ninth and mobile team left on tenth, two days after critical tide.

7. The mobile team returned on November 12 noon. Our member reports that while it took less than 5 hours to come back, the team had not reached its destination by 5 o'clock on November 10 as Democratic Republic guides lost their way on two or three occasions. They arrived at the mouth of the Tra-Ly only on Thursday, November 11, in the morning and were taken by launch along sand bars on both sides of the mouth of the river. There was no evidence that loss of life had occurred. Smaller bar on south side was not inhabited. On the north, the sand bar was much larger and connected with mainland. There seemed to be some population guarded by soldiers. Some people attempted to establish contact with the team but Democratic Republic liaison officers did not allow team to go ashore.

8. The Commission on November 12 discussed the report of the mobile team which went to Nam Dinh late October. No evidence had been found that people were on the move or anxious to go south but nearly 3000 complaints against the French were brought back. We raised two points:

(a) In view of the reports received from our team at Haiphong during the same period that thousands of people claiming to come from the area had been picked up at sea, we thought that before the report could be accepted more information had to be obtained as to the Democratic Republic arrangements for processing requests from people who wished to exercise their right under Article 14(d). After some discussion it was agreed that Democratic Republic authorities should be invited to give further information as to their procedure concerning applicants who wish to go south. The number of people who have been given permission in the whole area (Nam Dinh, Phat Diem, Bui Chu) and assisted to leave during period October 1 to 20 will also be requested. The Commission agreed with us that this material might make it possible to make useful recommendations in case it appeared that Democratic Republic procedure was not sufficiently known or effective;

(b) On the number of petitions we drew attention to the danger that Secretariat facilities might be overwhelmed. It was agreed that the Committee on Freedoms should discuss the matter with the committee to be established by both parties. It was probable that the bulk of the petitions could be turned over to both parties for action but a certain number would have to be processed by the Commission itself. It was agreed that in the latter case the Commission would have to establish its own priorities. We introduced the idea that in order to prevent the development of a petitions contest between the parties even under the proposed arrangement, the Commission later on might have to divide its efforts equally in dealing with petitions from both sides. The Chairman seemed to be interested in the suggestion.

9. *Resistance of armed units in North Vietnam* (our telegram No. 148 of November 5 paragraph 10). The French Liaison Mission has now suggested that a delegation of these partisans might come to Lao Kay to discuss with the fixed team conditions of surrender which guarantee safety to them and their families and choice of selecting their zone of residence. The Commission has agreed that the two parties should be urged to discuss and settle the matter among themselves. The Polish representative has given notice of his intention, if the parties fail to agree, to suggest that the Commission is not competent to deal with this case. These units were not part of regular French Union forces he claims and the Commission cannot get involved in disputes between the parties and local rebels.

10. *Teams.* A scheme to service fixed team at Muong Sen from Laos by air has been investigated and found not to be practical. Establishment of this team is still in abeyance.

11. Transfer of territory in central Vietnam near Quang Ngai was observed by mobile team, all went well.

12. *General.* Mr. Woodsworth arrived on November 5 and left for Laos November 8. His visit coincided with busiest week-end of the Commission.

13. Commission will leave for Saigon on November 18 and return 22nd. Chief purpose of the visit is to establish sub-office and renew contacts with French Union officials.

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Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

TELEGRAM 163

Hanoi, November 13, 1954

SECRET. IMPORTANT.

Reference: Our telegram No. 158 of November 10.†

IMPORTS OF ARMS

1. There is evidence to indicate that the Democratic Republic authorities are taking various steps to restrict the movements of some of our fixed teams to the villages in which they are stationed.

2. In Lang Son the jeeps supplied for use of the fixed team are in an unreliable condition although there are new Russian vehicles in the same area. On our official (group corrupt) we have a record of 8 separate instances of permission to travel being refused in this same area.

3. In Lang Son and other locations the reasons given to teams for travel restrictions include landslides, blown bridges, lack of ferries or general deterioration of roads although teams are not permitted to check these statements.

4. In certain areas the Democratic Republic authorities have insisted on teams arranging with each individual provincial authority for protection against bandits and pirates. When all else fails the Democratic Republic authorities simply forbid the teams to move.

5. A road reconnaissance was finally made of the Phu Lang Thuon-Lang Son road which was found to be in fair condition although reports received from the Democratic Republic a few days previously had stated the road to be impassable. Road reconnaissance party to Lang Son reported many loaded vehicles on the Phu Lang Thuon road and the fixed teams have sighted unreported military vehicles in and around Lang Son.

6. It would also appear that the Democratic Republic are reluctant to have the Commission on the Thai Nguyen road as requests to recce this road as an alternative route to Lang Son have been refused.

7. I consider that these restrictions, if continued, would prevent the Commission from exercising absolute control on the introduction of war material and personnel in violation of Articles 16 and 17 of the Geneva Agreement.

8. I am considering advisability of sounding out the Secretary General informally and conveying to him our concern that the Commission may be criticized for having left too long the Chinese border (as well as key ports in the South) without adequate supervision and that more effective measures should be taken soon to remedy this situation as far as possible.

9. For the purposes of the formal discussion in the Commission, if and when it takes place, any evidence which could be adduced to support a claim that contraventions have taken place would strengthen the case for developing and tightening control through fixed or mobile teams.

10. Indians, for long range policy considerations, may be reluctant to force the issue. The fixed teams, as long as their freedom of movement is restricted, are unlikely to discover anything which will influence the Indians and direct into less theoretical lines the discussion now in progress on the extent to which the agreement allows freedom of movement for teams.

11. I should appreciate receiving your comments by telegram.

765.

DEA/50052-A-40

Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

TELEGRAM 165

Hanoi, November 15, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Our telegram No. 154 of November 9.†

FREEDOM OF MOVEMENT PHAT DIEM

1. The Commission discussed again on Saturday, November 13, the Phat Diem situation.

2. The Committee on Freedoms reported that the problem was serious and that at least 2,000 persons wanted to go south. They had arranged with local authorities for the setting up of a permit office. Some relief was being provided but transport facilities appeared to be inadequate. It was proposed to move about 300 persons a week in 2 or 3 old launches.

3. We urged that Democratic Republic Government be asked by the Commission to assist local authorities by providing road transport, as recommended by the Committee on Freedoms, to expedite the evacuation. The Chairman was of the opinion that as the Democratic Republic authorities had limited facilities at their disposal but had shown willingness to deal with the problem in setting up a special procedure and office and in providing relief and transport, the Commission for the present should only observe how arrangements made so far would work out. Another team might be sent to the point of delivery at the Haiphong perimeter. He was not prepared at this stage to agree to a recommendation being made to the Democratic Republic Government that faster and more energetic action might be attempted. He was not inclined even to make informal representations.

4. The Pole takes the view that people have assembled at Phat Diem as a result of French Union propaganda and that they have not applied for permission from the local authorities to go south. The Democratic Republic Government have compromised in agreeing to a special procedure and in providing free transportation. He was successful in persuading the Chairman that further pressure on the part of the Commission would not achieve practical results but might impair Democratic Republic cooperation (such as it is).

5. Under the circumstances, we agreed that another mobile team should be sent to delivery point on the Haiphong perimeter and that for the next few days the Commission should observe the progress being made on the basis of reports from the mobile teams (Canadian member of the teams reports that refugees at Phat Diem are scared). We fear that Democratic Republic authorities may be devising schemes to reduce the number of those who will leave.

6. If, as we anticipate, movement is slow and inadequate when the matter is discussed again, I propose to take the line that in dealing with problems in such a reluctant and limited fashion Democratic Republic authorities are creating conditions where cooperation between both parties in the implementation of the agreement may be compromised.

7. Local United States Consul on instructions from State Department has enquired as to the position. In accordance with established procedure, we have suggested that approach should be made in Ottawa. As the enquiry may have been prompted by interest in the U.S. Congress we suggest that if there was to be any disclosure of confidential material we might be embarrassed in our relations with the Indians and Poles in view of the understanding that the Commission itself and not the Commissioners individually should issue statements to the press. It should, however, be taken into account that, due to Democratic Republic Government policy and to the attitude of the Indians and Poles concerning press relations, the press has not been in a position to be adequately informed on the work of the Commission. We have reported in despatches, which were sent to you in diplomatic bag which left here November 13, the difficulties encountered in attempting to safeguard the principles of freedom of the press.

DEA/50052-A-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1970 Washington, November 17, 1954

CONFIDENTIAL

Reference: Our teletype WA-1955 of November 16† and Menzies-McCardle telephone conversation of November 16.

VIET NAM: MOVEMENT OF REFUGEES FROM THE NORTH

Young, the Director of the State Department's Office of South East Asian Affairs, asked us to see him again today, November 17 to talk of the refugee situation in Viet Nam. We took the opportunity of mentioning some of your highly tentative thinking on the matter.

2. We stressed your view that since under the terms of the ceasefire agreement, e.g. Article 14(d), we had to rely on the willingness of the Viet Minh to assist in the evacuation of would-be refugees, it would not make sense to complicate the task by thumping the table. The co-operation of the Viet Minh authorities was essential and however limited it was at the moment we had to remember that it could be non-existent if our tactics were not sound. We said that you did not believe that private organizations interested in the plight of those individuals who wished to go to South Viet Nam should be discouraged from making appeals to the International

Commission or to the other parties immediately concerned. We also mentioned the possibility that some civilian agency such as the Red Cross might be able to offer its services in assisting the evacuation from the north in a manner which would meet Viet Minh susceptibilities.

3. Young said he was encouraged to find that the very tentative thinking in both Ottawa and Washington was running along the same lines. It had occurred to the State Department that the Viet Minh might be willing to allow transport to enter the territory which it controlled if that transport were under the direction of some civilian (and neutral) agency. Most of the worldwide charitable agencies, including the Red Cross, were represented in Saigon. Possibly they might make a joint appeal to the Commission and to the Viet Minh and at the same time offer their services in general terms. Young said that the State Department fully appreciated your view that undue public pressure on the Viet Minh might only make the situation worse. He said that the Voice of America would be reporting the situation factually and would deal only with actual incidents which had news value. He could give us no assurance that some prominent Congressman would not issue inflammatory statements but he said that such statement would certainly not be encouraged by the State Department.

4. Young showed us a report which had just come in from the United States Embassy in Saigon which, among other things, quoted Cerles, General Ely's liaison officer to the Commission, to the effect that up to 50,000 refugees, most of them catholics, might be involved in the present problem. Cerles indicated also that the French Government was putting its views on the matter to the Indian Government in New Delhi. The United States Ambassador believed that the French forces had adequate transportation to move the refugees and were doing all they could within the limits set by the Viet Minh to assist refugees. He commented in addition that the would-be refugees had the complete sympathy of the Southern Vietnamese and the French. His references to the efforts of the Canadian representatives were complimentary in every instance.

5. Young said the State Department would continue to be extremely interested in any reports from the field on the situation which you might be willing to transmit.

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Le secrétaire d'État aux Affaires extérieures
au commissaire de la Commission internationale
de surveillance pour le Vietnam

Secretary of State for External Affairs
to Commissioner, International Supervisory Commission for Vietnam

TELEGRAM 144

Ottawa, November 19, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Your telegrams Nos. 154 of November 9,† 162 of November 12, and 165 of November 15.

FREEDOM OF MOVEMENT — PHAT DIEM

We greatly appreciate your full reports on this important matter. The plight of non-Communists in North Vietnam who wish to go south has received a considerable play in the press.

2. As indicated in our telegram No. 134 of November 15,† we are anxious to have unclassified information about the Commission's activities generally, and more particularly in relation to this case. The situation of the Catholics in North Vietnam who wish to leave has caused much concern in Canada and the United States and a clear public statement of what the Commission has done and is doing about this case would clear up misapprehensions caused by news stories based on interviews with refugees who have escaped, and would make it plain that the Commission is not shirking its responsibilities. This would greatly assist us in dealing with queries from interested Canadian groups and from friendly governments. We would appreciate receiving cabled summaries of any public statements which the Commission issues on this case.

3. The State Department has informed us that Catholic groups are putting pressure on the United States Government to do something to assist the movement of persons who wish to leave the DR zone. We have briefed them on the facts of the Phat Diem case, including the refusal of the DR to accept the French offer to assist in transporting those who wish to leave the north, and have expressed the view that a United States Government offer would be similarly declined. We have suggested that the offer of a private organization such as the International Committee of the Red Cross might possibly be considered. We would be grateful for your comments on this possibility and any suggestions as to how the United States Government or private relief agencies might assist in the movement of the would-be refugees.

4. We have also expressed our worries to the State Department lest the attempt to achieve a propaganda victory over the DR on this issue, either within the Commission or elsewhere, might result only in strengthening the determination of the DR authorities to frustrate the movement of peoples from their area. As the ordinary forms of pressure are not likely to be effective, we may, in the last analysis, have to depend on the limited and grudging co-operating of the DR to ensure that those who wish to leave may do so. Therefore, whatever pressure we can exert should be in the direction to force such co-operation. The DR are obviously reluctant to permit inspection teams to see what is going on. Nevertheless, we must persist in trying to break down this attitude and to bring about as thorough and complete investigation by the inspection teams as can be achieved. Polish stalling and DR obstruction will obviously limit the success of this approach, but it appears to us to be more likely to produce the desired results than any other type of pressure, since it is fully in accordance with the letter and spirit of the agreement. I fully concur in your proposal to take a strong line in pressing for prompt DR compliance with the terms of Article 14 (d) and for as full supervision of their performance by the Commission as can be arranged. We should not be afraid to force a show down on this issue.

L.B. PEARSON

768.

DEA/50052-A-40

Le secrétaire d'État aux Affaires extérieures
au commissaire de la Commission internationale
de surveillance pour le Vietnam

Secretary of State for External Affairs
to Commissioner, International Supervisory Commission for Vietnam

TELEGRAM 147

Ottawa, November 20, 1954

CONFIDENTIAL. IMPORTANT.

Reference: My telegram No. 144 of November 19.
Repeat New Delhi No. 489.

VIET MINH VIOLATIONS OF THE AGREEMENT

Your reports over the past few weeks indicate an increasing tendency by the Viet Minh to violate the spirit and evade the letter of the agreement with increasing impunity and a disposition on the part of the Poles to collude with them and abet their objectives by stalling methods within the Commission. This has emerged very clearly in connection with the Phat Diem incident, but is apparent also in connection with the restrictions on the movements of the fixed teams.

2. I believe that these circumstances require us to reconsider our tactics, though our strategy of carrying the Indians with us where possible and our objective of having the terms of the Cease Fire Agreements precisely carried out and by agreement would remain the same. It appears to us from this distance that the principal difficulty in getting the Commission to exert more effective pressure on the Viet Minh is the reluctance of the Indians to permit a split vote in the Commission. I believe it has been worth while up to now to have accepted this reluctance without demur as it has — I hope — enabled the Indians to discover on their own how the Communists interpret an agreement. It appears to me however that the pursuit of unanimity within the Commission is now passing the point of diminishing returns. I should think by this time the Indian Commissioner now sees Polish delaying tactics for what they really are, particularly in relation to the Phat Diem case, and he may now be more amenable to sharply defined differences of opinion being recorded in the minutes or even a few split votes so that the record will show that the Commission has been asserting its responsibilities in supervising the implementation of the terms of the agreement.

3. The time may now be ripe for us to take a considerably stronger line in the Commission, with a view to having the Commission make firmer recommendations to the Viet Minh for complying promptly and precisely with the terms of the agreement. I realize, of course, that this firmer line would result in effective action only in cases where the Indian Chairman is prepared to vote with you. You could warn the Indian Chairman privately that you believe that the Commission is not properly fulfilling its function and that in future cases of Polish evasiveness and stalling you will have to press for including in the minutes a clear record of your views and

possibly, after consultation with us, in some cases actually request a clear-cut vote. If you think we can help you in this regard we can approach the Indian Government in New Delhi and express our apprehensions that unless we take firmer action the Poles will soon succeed in hamstringing the Commission almost completely.

4. I realize that a firmer line by the Commission may not succeed in getting much more satisfactory results from the Viet Minh, but it may have some ameliorating effect and at least the record of the Commission will be clear, and we will have discharged our own duty as members.

5. In this connection, I believe it important for your staff to make a careful record of the occasions when the Viet Minh have failed to carry out their obligations under the agreement and of the occasions when the Poles have blocked effective action by the Commission. These records may be useful to us in the future. You might consider the possibility of having such records incorporated in the Commission minutes, which we trust can be declassified at a later date. In the Phat Diem case you might consider presenting a memorandum of your views to the Commission recording instances of non-compliance by the Viet Minh with the terms of the agreement or the recommendations of the Commission. It may prove useful at a later date to have these matters in the official records. You may also wish to consider proposing that the Commission make a report to the Geneva Conference Powers which could subsequently be issued publicly concerning the activities of the International Commission up to the present time, even though such reports are not called for in the agreement.

6. I have already mentioned the need for unclassified reports of Commission activities which will assist us in meeting enquiries here. Most press stories published in Canadian papers come from American news services and are often biased. When Parliament reassembles in the New Year we will be under strong pressure to discuss the Commission's work and account for our own part in it, and until a better public record of Commission activities is available we will be in difficulties.

769. DEA/50052-A-40

Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

TELEGRAM 197 Hanoi, November 26, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Your telegram No. 147 of November 20.

VIET MINH VIOLATIONS OF THE AGREEMENT

I was gratified to learn that you share my views as to the recent Viet Minh and Polish tactics. I agree fully that under the circumstances it is important that the

record of the Commission should be clear and we should satisfy ourselves that we have discharged our duty as members and done all we could to perform our task impartially and to assist in the implementation of the agreement.

2. I agree that one of the principal difficulties is, as you suggest, the reluctance of the Indians to permit a split vote. But I think an equally, if not more important difficulty is the view of the Indians that the success of the Commission work depends almost entirely upon retaining the co-operation of the parties.

3. As you are aware, I had become disturbed over the attitude of the Indian Chairman and his willingness to accept compromises in order to retain co-operation of the parties which might jeopardize essential principles of the effectiveness of the controls which might be exercised by the Commission. After consultation with Macdonnell I had an informal discussion with Mr. Desai on November 23 before receipt of your telegram and explained to him our concern as to the lack of co-operation we were receiving and the danger that the Commission might be blamed later on for not having insisted strongly and quickly enough on compliance with certain provisions of the agreement. While Chairman gave me to understand that he shared our basic views and was convinced that Polish representative was the advocate of the Democratic Republic cause within the Commission, he argued, unconvincingly in my opinion, that a stronger line now might induce Poles to send a more difficult representative and that in giving Democratic Republic scope now the record would be incontrovertible that they had not carried out their Geneva commitments. I cannot agree that such an approach is realistic and compatible with our obligations as Commission members, particularly where there are time limits such as in Article 14 (d).

4. In the light of your message on November 24, I took a much stronger line on Phat Diem and general question of freedom of movement. Initial reactions from Chairman seem to have been favourable. It is too early to determine whether he will agree to firmer action. As I propose to approach him again on an informal basis, I feel that no representations should be made to the Indian Government until it becomes clear that there is to be no basic change in his attitude.

5. We will bear in mind your suggestion for clear-cut vote after consultation, but prompt consultation is quite impossible as long as telegraphic communications are so inadequate.

6. We find it very difficult now to send detailed reports even on major items which are being discussed. As soon as additional staff is available, I agree that a detailed score of Canadian, Polish and Democratic Republic action should be kept. In the meantime, whenever warranted, I shall endeavour to express for the record our views as to the failure of Viet Minh to carry out obligations and the blocking tactics of the Poles, although both of these may be difficult and delicate. Memorandum on Phat Diem may be desirable but on November 24 I made a detailed criticism of Democratic Republic performance so far in non compliance with Commission requests to relieve situation. I also suggested much stronger representations to the Democratic Republic. At this time, I feel that additional formal charge might defeat our purpose and slow up movement of refugees. Interim report

to the co-Chairman of Geneva Conference is now to be prepared and forwarded probably early January.

7. *Material for publication.* Arrangements now made for weekly and periodical reports and more frequent press releases should meet at least part of requirements. I shall do all I can here to increase flow of unclassified material on activities of the Commission but Indian and Pole, for different reasons, seem reluctant to release adequate information on Commission activities.

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Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

TELEGRAM 179

Hanoi, November 19, 1954

SECRET

Reference: Our telegram No. 162 of November 12.

WEEKLY PROGRESS REPORT FOR VIETNAM

1. *Regroupment of forces.* As the Democratic Republic authorities were not prepared to discuss further withdrawals in the central sector, the French appealed to the Commission to arbitrate suggesting that the Quang Gnai Province might be surrendered by Democratic Republic in two instalments at the end of 130 and 200 days respectively. The Chairman on November 16 was able to persuade the French to revert to their original proposal for evacuation of the province at the end of 200 days. They pointed out that they were making a further concession and that evacuation in two slices would have been easier.

2. The Commission urged both parties to discuss the matter in the Joint Commission. If no agreement is reached, the Commission will consider the issue formally on November 29. The Democratic Republic authorities were not prepared to make a move and insisted that the French should submit to the Joint Commission new and presumably more limited proposals.

3. *Freedom of movement.* On November 15 the Commission agreed:

(a) To send a mobile team to Nam Dinh where people being evacuated from Phat Diem to Haiphong by Democratic Republic launch will spend their first night.

(b) To instruct mobile teams at Phat Diem to request that Democratic Republic authorities issue permits to all people assembled there who wish to go south and not to process applicants only as transport facilities become available.

4. Latest reports suggest that close to 9,000 persons are awaiting evacuation. Over 1,100 had already left on November 17. If teams on the spot can expedite issuance of permits and transport facilities are inadequate, the Commission will be on better

ground to request intervention of Democratic Republic Government in a week or so.

5. On November 16 the Commission considered the report from the mobile team which visited the Tra Ly area and agreed that a protest should be sent to the Democratic Republic authorities for the narrow interpretation given to his instructions by Democratic Republic officers who accompanied the team.

6. We suggested that the mobile team should return to the area to complete its task but the Chairman and the Pole felt that the team had already established that large groups of people were not, as claimed by the French, in any immediate danger. The question whether there were refugees in the area could be considered later as part of the wider issue of freedom of movement from the north.

7. A few refugees reported to fixed team at Haiphong that Democratic Republic soldiers had opened fire on group of 300 persons trying to leave for the south. One was believed to be dead, three wounded. The Commission discussed the incident on November 17 and agreed that

(a) The Chairman should suggest informally to Democratic Republic authorities that they might extend to the area where incident had occurred special procedure now being applied at Phat Diem and report action taken to the Commission.

(b) As soon as both parties have established the Committee to co-operate with Commission's Committee on Freedoms a study should be undertaken as to whether a simple and effective procedure for exit permits can be worked out both north and south and made known to all concerned.

8. *Democratic freedoms.* On November 15 the Commission agreed on a procedure to deal with the reports from the mobile teams which enquired into incidents in Central Vietnam. Essentially, the purpose of the discussion was to determine whether in the exercise of democratic freedom population had gone beyond permissible limits and whether authorities had taken action in excess of requirements of the situation. In the affirmative, Commission was to consider to what extent recommendations could be made to both parties. Detailed examination of the report began on November 16 and continued on November 17 but little progress was made as Pole attempted to prove that national Vietnam authorities were guilty because they had been slow in establishing local government and troops had used force unnecessarily. The Commission decided to complete general discussion of the first incident on its return from Saigon and to refer the whole problem to a Committee of experts for further study.

9. The Commission also considered a complaint from the Cambodian Foreign Minister transmitted through the Cambodian Commission against outrages allegedly perpetrated on Cambodians living in Southern Vietnam and alleged violations of the Cambodian frontier. The Commission agreed on the 17 to refer the complaint to the French Liaison Mission and to request comments on alleged violations relating to Article 14(c).

10. *Teams.* We have introduced in the Committee on Operations draft instructions to fixed teams which are based on compromise formula accepted by Commission and suggested informally to both sides. Initial Polish reaction was generally favourable, but final approval by the Commission will depend of course on concurrence

of both parties. The Commission agreed to answer the question of future requirements for mobile teams. A study of mobile teams operations over last month or so will be prepared by Secretariat and discussed by Committee on Operations which will prepare a recommendation for the Commission. There is a growing need for personnel familiar with political and civil administration problems on these teams. We are studying how this may best be achieved and will inform you of any conclusions. The fixed team at Vinh sent a road reconnaissance party to Muong Sen on 15 November. The party reached Muong Sen on 16 November and preliminary reports indicate they had no trouble reaching Muong Sen. This indicates that the road reports received from the Democratic Republic of Vietnam about this route were as false as the other road reports received from the same source. A complete report will be made when the report is sent from the Vinh fixed team. On the third attempt a mobile team finally succeeded in delivering three jeeps to the fixed team at Tien Ten on the 18 November. This time the ferry was in position at Kong Suong (Mong Suong as decyphered). This team returned to Hanoi on 18 November and the details of their report will be forwarded when received.

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Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

Hanoi, November 26, 1954

TELEGRAM 198

SECRET. IMPORTANT.

Reference: Our telegram No. 179 of November 19.

WEEKLY PROGRESS REPORT FOR VIETNAM

I. *Freedom of Movement*

On its return from the Saigon visit the Commission discussed again Democratic Republic permit procedure and arrangements to evacuate refugees from Phat Diem. Further disturbing reports had been received from the mobile teams and individuals that local authorities were interpreting instructions in the narrowest fashion. People who were not originally residents at Phat Diem were turned back, others had to pay large sums for transportation etc.

2. On Wednesday November 24, as the Chairman did not seem prepared to make more than purely formal gestures to relieve the situation, I made a strong statement recording our dissatisfaction with the arrangements made so far and our concern over what appeared to be blocking tactics and lack of cooperation on the part of the Democratic Republic authorities. I suggested that the Commission should consider means of inducing higher degree of cooperation than had been received so far. It was agreed that the Commission would consider the progress of operations at Phat

Diem and the question of the general administrative arrangements to be made both north and south to ensure compliance with Article 14(d).

3. On November 25 the Commission approved tentatively the following steps on the basis of proposals we put forward.

(a) The Secretariat will prepare a survey on the basis of petitions received on general conditions both north and south as regards difficulties encountered in the implementation of 14(d).

(b) Both parties will be asked to appoint representatives to assist the Committee on Freedoms and to give detailed information on their exit permit procedure and on the number of people who have applied so far and been given assistance.

(c) The Committee on Freedoms will consider immediately the following problems and formulate recommendations which can be dealt with later when the parties set up their joint committee

(i) Are permits really required under 14(d)

(ii) If permits must be obtained

(a) Is the present system effective and reasonable to give effect to 14(d)

(b) Is the procedure for obtaining permits sufficiently known or can further steps be taken to publicize it

(c) Are people given freedom to meet peacefully to discuss whether they wish to exercise their right under 14(d)

(d) What are the considerations which are taken into account in the issuance of permits

(e) Are suggestions that people should move to another zone considered as an offence

(f) What is meant by assistance.

If these steps can be taken soon I hope that we may be able to make some progress in dealing with the problem.

II. *Democratic Freedoms*

4. The fixed team at Qui Nhon having reported that some incidents had occurred in the surrounding areas the Commission decided to send fixed team from Nha Trang and mobile team from Hanoi to investigate.

5. The French had enquired as to some 123 missionaries some time ago. The Democratic Republic reply being too broad and evasive the Commission decided to request information as to their whereabouts, precise charges against them so that they can be interviewed by mobile team.

6. The Commission completed its general discussion on first incident investigated by mobile team (Ai Nghia); an ad hoc committee will now undertake in the light of the Commissions discussion so far general study of whole series of reports dealing with incidents investigated by mobile team.

7. Further incidents have been reported in the south near Saigon. The Commission agreed to send another mobile team to investigate. Instructions for these teams (see paragraph 5 above) are being drafted by the Committee on Freedoms and will be approved by the Commission. In view of the difficulties which have arisen in dis-

cussion of earlier reports we urged that instructions should provide guidance so that teams can gather evidence on points required by the Commission to take such action as may be appropriate under the agreement.

III. *Prisoners of War and Civilian Internees*

(a) *Deserters*

8. Some time ago a French Union soldier of European origin reported to fixed team at Lao Kay and requested repatriation. He was handed over to local authorities for custody pending investigation which disclosed that both parties considered him as deserter. Both Chairman and Pole argued that a deserter was not a prisoner of war, he did not come under the provisions of the agreement and should therefore be released from provisional custody. I took the position that deserters particularly of European origin might be classified as prisoners of war and that Commission had to consider carefully legal basis for its ruling. The Pole was concerned that deserters if surrendered might be court martialled in contravention of Article 21(c). After some discussion it was agreed that

(a) Both parties would be asked whether they considered that deserter in question was a prisoner of war and if Commission agreed whether the French are prepared to repatriate him under the terms of 21(c).

(b) Both parties should indicate the number of persons now held considered to be deserters and their views as to whether these persons should be excluded from the application of 21(c).

The problem will be discussed later on with both parties. In the meantime the deserter remains in the custody of the Democratic Republic authorities at Lao Kay and is to be informed by fixed team of Commission action.

9. A fairly large number of deserters may still be held and I felt that careful consideration had to be given to this individual case now before the Commission. I should appreciate early advice by telegram on the question whether and if so when deserters can be considered as prisoners of war under international law and in the light of the provisions of the agreement.

(b) *Civilian Internees*

10. Mobile team which submitted report on Poulo Condore reported that provisions of the Geneva and of the Trung Gia (treatment of prisoners) Agreements were not made known to the prison officials, that 70 political prisoners were still being held and should be released and that 61 cases were doubtful and had to be examined. The Commission invited the French Union to take the necessary steps to release political prisoners agreed by both sides and to submit dossiers so that other cases could be dealt with.

(c) *Prisoners of War*

11. Each party has now submitted statements of prisoners of war and civilian internees surrendered of outstanding claims. These statements have been referred to the other party for comments and general position will be discussed with liaison officers in about 10 days.

IV. *Reinforcement of Troops and Equipment*

12. Democratic Republic authorities have complained that French have brought in war materials tanks, aircraft engines and military personnel in violation of Articles 16 and 17 of the Agreement. They suggested that control of entry and exit should be strengthened through fixed teams. Commission requested further particulars concerning personnel and equipment and at our suggestion will point out that early acceptance of Commissions proposals to ensure mobility of fixed teams within certain areas will make it possible to exercise closer supervision and control both north and south.

13. French are erecting new buildings at Tourane and have suggested that team should not be allowed to visit them. This raised the question of bases and the Commission agreed that the matter should be examined and recommendations made as to what constitutes a base or a new base under the terms of Article 19. It will be necessary to take into account in reaching conclusions the effect of regroupment of forces for instance at Tourane, French argue that constructions are meant to accommodate troops being evacuated from the north.

14. Question of checking of military material movements has arisen. Commission has agreed that teams should be allowed to check all such movements on the understanding that notification would only be required on cases coming under Article 17. Movement of equipment from one part of the country to the other does not come under the provisions of the agreement but Commission teams have to be permitted to check at both ends if the Commission is to be in a position to determine whether material arriving at one of the points of entry is new material coming under 17 or material being transferred from one part of the country to the other.

V. *Teams*

15. The Commission decided tentatively on November 23 that plans should be made for the establishment of fixed teams at Muong Sen and at Tan Chau early December.

16. In Operations Committee, Polish representative maintains the attitude that if part of fixed teams can be used as mobile teams then it must operate under the limitations laid down for mobile teams in Article 35.

VI. *Saigon Office*

17. Question of the precise title and status of the Saigon office has assumed some importance as French suspect that Polish plan may be to suggest setting up of Democratic Republic liaison mission in the south. There is also the question of the attitude of the National Government to the opening of new and larger commission branch in Saigon with possibly large Polish element. Matter is to be discussed informally by Commissioners.

VII. *General*

18. The Commission has been working under very great pressure meeting every day. It is now proposed to assist delegations to prepare adequately for meeting to give some notice of items to be placed on agenda and to establish some priority between various items which will be considered.

DEA/50052-A-40

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Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

TELEGRAM 208

Hanoi, November 30, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Our telegram No. 198 of November 26, paragraphs 1 to 4.

FREEDOM OF MOVEMENT

At its meeting on November 30 the Commission considered a request submitted by French Union that mobile teams be sent to investigate conditions in respect of freedom of movement in Bui Chu, Thai Binh, Ninh Binh area.

2. The Chairman took a very firm line in his view when Democratic Republic authorities had not given any indication in spite of specific requests from the Commission that a procedure had been established to issue permits and that it was adequate. Perhaps unknown to the central government the local administration appeared to be fairly ineffective. The Commission had been patient but both parties had delayed taking steps to cooperate with the Committee on Freedom to tackle the question on a reasonable and effective basis. The Commission could no longer allow the present inadequate arrangements to continue. The matter had been under discussion for 7 weeks. The Democratic Republic authorities had had plenty of time to develop an adequate procedure. Now the question was whether they were prepared or not to carry out their obligations under 14 (d). The Commission would have an opinion on their performance.

3. After some discussion it was agreed that

(a) Two mobile teams would be sent to the area suggested by the French to report on the administrative arrangements made to implement 14 (c) and to suggest to what extent improvements might be required and the reaction of local authorities to such suggestions. The fixed team at Vinh will also investigate local conditions.

(b) The two parties will now be asked to set up their Joint Committee without any further delay.

(c) The Commission will discuss the whole matter with the Chief of the Democratic Republic Liaison Mission on December 1. The Chairman proposes to make very clear the views of the Commission as to the delay in setting up adequate procedure. The Chairman will also stress that teams should be allowed to perform their task without interference on the part of liaison officers or local authorities.

4. The action of the teams together with representations to central government and activities of the Committee on Freedoms should make it possible to achieve some results in this field. The most significant development is, however, firm attitude of the Chairman.

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Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

PERSONAL AND CONFIDENTIAL

Hanoi, December 2, 1954

Dear Mike [Pearson],

As a neophyte and an ad hoc member of your Department I do not profess to know the protocol or propriety of this procedure of writing you personally. All I want to do is to give you my preliminary personal impressions of some of the features of this job which Canada has taken on in Indo-China.

In the official reporting and keeping you informed of what goes on from day to day I am fortunate indeed in having Cadieux, Crépault and Ballachey. You told me they were of your best and I can thoroughly subscribe to that, particularly in the case of Cadieux. To lose him at this stage through a breakdown in health or for any other reason would be most serious and indeed endanger the Canadian contribution to the work of the Viet Nam Commission. I question the wisdom of our contribution being so greatly dependent upon the health of one or two men, particularly in this part of the world. There should be a competent immediate reserve here and in the picture. At the moment we do not have it.

Megill and the military component are for the most part of good calibre for this job as it has progressed to this stage. So long as all Fixed Teams had not been placed, he had a few surplus officers which could be used for Mobile Teams and in emergencies. Now that the remaining Fixed Teams are to be sent out, he will have no surplus. You will have seen from the reports the ever growing demand for Mobile Teams by both the North and the South. This leaves the military extremely short and I think that some immediate relief of this situation is urgently required.

I detected a little standoffishness between the two departments, but this was largely due, I think, to reticence on the part of both components to criticize or adopt each other's methods of procedure. I think a few words of explanation to each, of the other's training and practice has brought about a closer understanding. The two elements are eager to work well together as one team. Improvements still remain to be made in this line, but on the whole, co-ordination is good and willingness to co-operate is excellent.

As you know, I came here prepared to do as instructed, maintain a judicial and impartially objective attitude on behalf of Canada in the task it had accepted. In London the C.I.G.S., Sir John Harding, said to me that it was a good objective, but I certainly would not find my Polish colleague had any such idea. Sir John, I have concluded, was probably right. A month's close association daily with the Polish Ambassador, and his subordinates, has convinced me that whatever his attitude and instructions may have been in the early stages of the Commission's work, he is

definitely now playing the Communist game of obstruction, evasion, stalling, double talk, legalistic and technical objections and any other tactics he can employ to assist the D.R. authorities to carry out the provisions of the Geneva Agreement to the exclusive advantage of Communist policy. I would go so far at the moment to say that I think that he or someone of his political views is either directly or indirectly consulting with and advising the new D.R. regime as to how far it should go or not go in implementing the bare letter rather than the spirit of the Agreement.

As to the Indian Chairman, as far as I can gather from proceedings so far, his ideas of the Commission duties are, namely, that (1) the basic principle in our supervision and control is to retain the co-operation of the parties; and, (2) the best way to show impartiality is always to accord each side similar treatment, e.g., establish fixed teams at the same time in the North as in the South; if you suggest the D.R. do something they are reluctant to do, in one matter, you must simultaneously suggest the French do the same in some other matter. If you release the prisoner LY TAN LY in the North, you must find grounds for releasing the prisoner CHO BHANG in the South. The Pole calls it reciprocity — and the Indian Chairman calls it treating the parties impartially.

My own view is that we can only go so far in attempting to win co-operation of the parties. When to win co-operation involves some sacrifice of, or deviation from, principles of freedom and justice as we understand them in Canada, we will have to draw the line, have a show-down, a split vote if necessary, and insist on the Geneva Powers taking a hand in the matter of enforcement of the terms of the Agreement. This might involve informing the Geneva Conference Powers on the basis of a Canadian minority report. But if the Indian Chairman, in spite of private verbal assurances to the contrary, overlooks what to me is obvious avoidance (but not barefaced or provable evasion) of the spirit of the Agreement, then to maintain our self-respect, and Canada's prestige in the West, we will have to take a firm stand not only on the official record, but publicly disassociate ourselves with any such action on the part of the Commission. I have not yet completely figured out his attitude, but in the last few days there have been indications that he may, after some delay, take the same attitude as we do on basic issues.

Naturally I would hope to consult you before taking any final stand, but the fact is that our communications are such, that, except through British facilities here, which we must use sparingly, I cannot wire you and expect to receive a reply in time to know your views by the time a decision must be taken. Such a situation could develop on any one of several issues now or shortly to be under discussion and of which we have tried to keep the Department informed, for example, freedom of movement of Mobile Teams, Instructions to Fixed Teams, the exercise of rights to move South, the importation of war matériel, what constitutes a new military base. If I defer a decision on such matters as they arise on the agenda it will be interpreted as "stalling tactics" which are just the kind of tactics we are fighting every day.

In my wire of November 26, (No. 197), it was only after the fullest consideration that I discouraged for the present your suggestion that you might assist by approaching the Indian Government about Chairman Desai's attitude. I think he is

doing his best to be impartial, subject always to his basic principle to do nothing to alienate the co-operation of the parties. Any suggestion that I had officially questioned his impartiality or the wisdom of his decisions would undoubtedly make our position with him here much more difficult. Macdonnell can give you this aspect in more detail. With our limited contacts here and belated outside information, you will be in a better position to judge whether such intervention is advisable, bearing in mind that I have to live and work with Desai and retain or forfeit his support half a dozen times a day or more.

I will do what I can further in providing unclassified information before Parliament meets early in the new year, but the D.R. have adopted regulations of very strict censorship, and the Indian's respect for the power of the Press and concern to keep the public informed by no means matches ours.

The next stage now looming up is a build-up for Communist propaganda and election purposes of the terrible weakness and ineptitude of the DIEM administration and its complete inability to govern, as witness the alleged "reprisals" taking place in the South against the former Viet Minh sympathisers, some of which are probably Communist cadres, purposely instigating disorder in the village populations of the South.

The suggestion will, I anticipate, soon be advanced in the Commission that unless the Commission can induce the South to eliminate alleged reprisals and disorders, the Commission cannot expect co-operation of the D.R. on the matter of free movement of Catholic populations from the North. There are suggestions that there are some shady doings in the South which would rouse public opinion, and which, when capitalized and publicized in the North, will they hope deter people from going South and possibly materially influence the elections. The D.R. authorities will claim that under Article 14 (c) they should be allowed to operate freely in the South and make life as difficult as possible for DIEM and his regime.

I have talked with M. Sainteny on a number of occasions but he has given no indication of the real purpose of his mission here or how he is succeeding. It would be helpful if our Embassy in Paris could give us some information on this point.

Your wire was very encouraging, helpful, and timely but I would appreciate a bit more timely assistance and expression of views in general by the Department on our problems. Meanwhile, I shall use my best judgment and hope not to let the side down. Morale of delegation is good in spite of difficult living conditions. There are a few weak spots (besides myself) but we will eliminate them as fast as we can. The problem of health and some regular leave for personnel, both External Affairs and Military, is one to which we will have to give immediate consideration.

For the moment I shall have to leave the speculative and contemplative political reporting to Mayrand and Duder as our work now takes us from 16 to 18 hours every day. My health is good and I hope I am earning my wages.

Respects and regards,

Sincerely,

SHERWOOD [LETT]

DEA/50052-A-40

774.

Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

TELEGRAM 227

Hanoi, December 7, 1954

CONFIDENTIAL. IMPORTANT.

GENERAL GIAP'S APPEAL TO THE COMMISSION

1. In a 14 page memorandum submitted yesterday to the Commission, General Giap claims that while the Democratic Republic have scrupulously carried out the Geneva Agreement Diem's regime at the instigation of the United States and with French support have seriously violated the main provisions of the Agreement.

2. Giap charges that:

(a) Diem carries out a deliberate policy of reprisals, discrimination and massacre in the French zone;

(b) United States now propose to introduce additional military equipment and personnel in South Vietnam to turn into a United States military base the French zone which is now included as a result of the Manila Pact in the protective zone of the South East Asia military bloc;

(c) French military leaders as signatories to the Agreement are associated with the violation of the Agreement and must bear responsibility.

3. The attention of the Commission is drawn to these violations with the request that it will take appropriate steps to ensure compliance with the relevant provisions of the Agreement.

4. The local Hanoi radio station and papers are giving considerable publicity to the memorandum.

5. It is likely that Diem, French and United States leaders directly charged with violations will respond with corresponding vigour and that, as a result, co-operation between the parties and task of the Commission will become even more difficult.

6. Text of memorandum follows by bag.

775.

DEA/50052-A-40

Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

TELEGRAM 233

Hanoi, December 7, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Our telegram No. 227 of December 7.

GIAP'S APPEAL TO THE COMMISSION

1. At the Commission meeting on December 7 Chairman reported that copy (in Vietnamese) of Giap's memorandum had been left with his private secretary Sunday evening with notice that it would be released to the press Monday and copies sent to the co-chairmen of the Geneva Conference.

2. Chairman wrote to Chief of Democratic Republic liaison mission pointing out that document would be published before Commission had had time to study it. In his personal name he added that in his view such action was not likely to improve atmosphere or to assist co-operation between the parties.

3. Chief of Democratic Republic liaison has now advised Chairman that publication will be postponed until December 8 but that under the circumstances his government felt that they had to maintain their appeal to the Commission.

4. Chairman suggested that before publication of the document Commission should announce its decision to submit to co-chairmen a report on its activities in view of General Giap's statement. Report might cover four months period (August 1-December 11) instead of August - end of December as originally intended. This would convey the idea that the Commission had not been inactive while violations are alleged to have taken place. The Commission agreed that such a release should be issued.

5. Later on at my suggestion when discussing the press release informally with him the Chairman agreed to advise his government that through appropriate channels they might warn the co-chairmen of the decision to issue a report and a press release on this point.

6. The Commission will discuss Giap's memorandum on Monday December 13.

7. Action required: Assume that text of Giap's memorandum will be available to you through other channels. Would appreciate receiving guidance as to the line to take when the Commission discuss Giap's memorandum. Chairman's initial reaction is that no reply should be made to what is essentially a propaganda move on the part of the Democratic Republic Government.

DEA/50052-A-40

776.

Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

TELEGRAM 243

Hanoi, December 10, 1954

SECRET. IMMEDIATE.

WEEKLY PROGRESS REPORT, FRIDAY, DECEMBER 3 TO THURSDAY, DECEMBER 9 INCLUSIVE

I. *Freedom of Movement*

1. Saturday, December 3 the Commission decided:

(a) to withdraw half of the mobile team now at Phat Diem;

(b) to instruct the rest of the team to undertake an enquiry in the surrounding area in accordance with instructions issued to the mobile teams, investigation of general problem in Biu Chu etc.;

(c) to provide a report on the discrepancy between the number of people who have been issued exit permits and those who have reached French zone;

(d) to complete the task undertaken, e.g., ensure in particular that those who are in need are given assistance while awaiting their permit and that priests and nuns who wish to go south are given the necessary permits.

2. The Commission is urging Democratic Republic authorities to apply special permit procedure to a group of some 52 refugees from Vinh who are destitute in Hanoi and have been awaiting necessary authorization for more than eight days.

II. *Democratic Freedoms*

3. On December 6 the Commission instructed the Committee on Freedoms to prepare, for consideration on December 9, a survey of messages received from fixed teams in Qui Nhon since despatch of mobile team to investigate alleged murders and atrocities in the area. On December 9 the Commission instructed the team at Nha Trang and the mobile team operating out of Tourane to investigate these alleged murders and atrocities and to send by telegram interim reports on the outcome. On December 9 also, the Commission urged French High Command to draw to the attention of civil and military authorities concerned the provisions of Articles 14 (c) and (d) as well as 15 (d) and (inculpations?) of 22.

III. *Depots of Ammunition and Arms, (Article 5)*

4. The French have complained that depots have been discovered. The quantities involved are not considerable. The French argue that these depots, which have been carefully prepared, suggest a plan to resume guerilla operations later on. Commission agreed, on December 7, to refer the complaint to Democratic Republic for comments.

IV. *Reinforcement of Troops and Equipment* (see paragraph (11) of our telegram No. 220 of December 2)†

5. On December 7 the Commission agreed to refer to both parties the recommendation of the Operations Committee on the import of wheeled vehicles. Teams will be instructed to observe and record import of wheeled vehicles. If later on there is a complaint that such vehicles are used to equip new military units data will be available to undertake an investigation. Import without prior notification of vehicles fitted with or for military wireless and armament will be reported as violations of Article 17.

V. *Resistance of Armed Units in North Vietnam* (see paragraph 2 of our telegram No. 162 of November 12)†

6. The French reported that no progress had been made in the Joint Commission and requested the Commission's intervention. Commission met the chiefs of the two liaison missions and again urged them to try to work out a solution before next week, otherwise they should be ready to argue their case before the Commission on Monday the 13th. The Democratic Republic have delayed unduly and the Chairman exerted some pressure to induce them to state their position clearly in a week if they are not prepared to accept some reasonable solution in the meantime. Up to now the Democratic Republic have not expressed their views but merely invited the French to reply to questions. French profess not to know the answer and to consider questions irrelevant in any case until point of principle has been (dealt?) with. Are these partisans rebels or are they members of the French Union Forces who did not receive orders to surrender or were not allowed to (word omitted — by?) Democratic Republic authorities?

VI. *The Duties and Functions of the Fixed Teams*

7. On December 2 the Commission had general discussion on this subject. It was recognized that the instructions as given to fixed teams are proving inadequate and that arrangements had to be made so that the Commission through its means can exercise adequate supervision and control, particularly as regards the military provisions of the agreement. The Chairman, in consultation with the Committees on Freedoms and on Operations if necessary, undertook to revise and submit for consideration early in the week the draft instructions prepared by each committee. An attempt would be made to ensure whether essential tasks could be covered under the agreement, if not, parties would be asked to interpret terms broadly. If they did not agree, and Commission felt that adequate supervision and control were not achieved, further steps would then have to be considered. We made the point that if the Commission and the parties agreed that effective controls and supervision were intended under the Agreement arrangements and instructions had to be made or issued on that basis.

8. The (Canadian ?) paper which was considered on December 9 pointed to the various tasks of control, inspection, investigation and observation allotted to fixed and mobile teams by virtue of the Geneva Agreement. It stated that there was no bar to portion of a fixed team becoming a mobile team provided the mandatory provisions of the Agreement under Article 16 (g) and 17 (f) read with Article 20

and Article 35 are fully observed. It further stated that zones of action would be established for fixed teams when (a) operating in their fixed role and (b) operating in their mobile role. After some discussion it was agreed that at their fixed location teams should carry out control at least once a day. It was further agreed that mobile teams drawn from fixed teams could move freely: (a) for purposes of control and investigation in 10 kilometre zone along the land and sea frontier to Vietnam; (b) to accede to this zone and for purposes of observation and inspection in broader areas to be defined by the Committee on Operations and submitted to the high commands for approval. Teams could move on their own initiative and without prior approval of the Commission on two hours notice for one day trips and on reasonable notice (but not exceeding 24 hours) for longer tours.

9. The instructions which are to be reviewed and to be finalized on December 10 contain also detailed guidance for the handling of petitions.

10. The instructions, if approved, should make it possible for Commission to exercise a more adequate control of the implementation of the military clauses of the Agreement and represent, in my view, satisfactory outcome of long and difficult negotiations.

VII. *Teams*

11. On December 9 the Commission drew the attention of the French Liaison Mission to obstructive attitude of provincial Vietnamese official who refused to allow Nha Trang team to undertake enquiry and sought an assurance that French High Command would secure cooperation of National Government. Furthermore teams in the south have been delayed because of alleged weather difficulties. Commission urged French Liaison Mission to take all possible steps to ensure that teams proceed without any avoidable further delays.

12. The Democratic Republic High Command will now take charge of Gia Lam Hanoi (airport) on January 1. Commission decided on December 9 that mobile team would supervise handover. French have given notice that planes at the disposal of Commission would only continue to use the airport if they are satisfied that adequate security standards are maintained.

VIII. *General*

13. The Commission decided on December 3 to visit Saigon before Christmas. It will leave Hanoi on December 15, visit fixed team at Qui Nhon on the way down and return on the 19th visiting teams at Ba Ngoi and Nha Trang on the way back.

14. Chairman proposes to leave for New Delhi around December 30 for short leave (15 days) and consultations in New Delhi, Polish Ambassador leaving about December 29 via Paris for Warsaw for same purpose and duration. Commission will continue to sit with their alternates acting.

777.

DEA/50052-A-40

Le secrétaire d'État aux Affaires extérieures
au commissaire de la Commission internationale
de surveillance pour le Vietnam

Secretary of State for External Affairs
to Commissioner, International Supervisory Commission for Vietnam

TELEGRAM 189

Ottawa, December 13, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Your tel. No. 233 of December 7.
Repeat London No. 1918; Paris No. 701; Washington EX-2307.

GIAP'S APPEAL

I am disturbed that the DR should attempt to use the Commission as a forum for propaganda blasts. This is a most unwelcome departure from previous practice whereby specific complaints which could be supported by proper documents and evidence were put before the Commission and I trust you will react vigorously in the Commission discussions.

2. I suggest that when the Commission discusses this matter you should take the line that the Commission has no obligation to deal with what is clearly a broad propaganda charge; that if any reply to Giap is considered necessary, it should be pointed out that the charges against the Diem Government are unsubstantiated by any documentary or other evidence, and since there are no specific alleged violations of the agreement to investigate, there is nothing that the Commission can do; that the charges against the United States are similarly unsubstantiated, and appear moreover to be based on newspaper speculation; and that while the Commission has an obligation to take note of threatened violations of the agreement, it must proceed very carefully in its investigations of alleged threatened violations and must have much more detailed information than the Giap memorandum provides.

3. If a reply is made to General Giap, it should also be pointed out that the agreement provides adequate procedural machinery for dealing with any legitimate complaints about violations of the agreement and that the publication of the memorandum before the Commission had had adequate time to study it does not appear to accord with the provisions of Article 25, requiring the Commanders of the Forces of the two parties to afford "all possible assistance and co-operation" to the International Commission.

4. Giap's memorandum is not available here in full. (Pearson)

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778.

Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

TELEGRAM 248 Hanoi, December 14, 1954

CONFIDENTIAL. IMMEDIATE.

Reference: Our telegram No. 233 of December 7.

GIAP'S APPEAL TO THE COMMISSION

1. Commission this morning, December 13, considered Giap's memorandum which he had sent to Chairman of Commission and co-chairman of the Geneva agreement.

2. During course of discussion chairman stated that he takes serious view of the memorandum and feels that some allegations in it referring to work of Commission imply a reflection on Commission itself. I made no comment on this view.

3. Commission in agreement that there should be a formal reply to Giap but along general lines. This reply will not be drafted immediately since Commission considers that allegations levelled by Giap at Diem's Government and by implication French High Command in respect of the non-fulfilment of Articles 9 and 14(c) of the agreement should be considered by Commission when it has before it (later this week) draft of report to co-chairmen on work of Commission during last 4 months.

4. By following this procedure Commission will be able to determine extent to which Giap's allegations are substantiated in fact and will provide indication of action Commission has taken on complaints already referred to it by Democratic Republic. Commission will thus be in a position, if considered advisable, to give Giap a tabular statement of action taken on Democratic Republic complaints and enquire whether there are others which he would like Commission to consider. I suggested that complaints to Commission by parties to the agreement should follow the procedures already laid down and that it was undesirable that either party be encouraged to use other means to inform Commission of its complaints. A further advantage in considering Giap's memorandum with Commission's report is that it will give Commission an opportunity to determine the extent to which each party to the agreement has fulfilled its obligations. It may be possible to indicate that we do not accept in full Giap's statement that 'the high command of the APVN has implemented that agreements signed in the most loyal and strict way from their date of entry into force'.

5. Commission also agreed to refer Giap's memorandum to French Liaison Mission for comment and in particular for comments on that part of the memorandum in which Giap claims that Manila Treaty (SEADT) and subsequent Franco-United States talks on assistance for Vietnam and Lawton Collins' mission contravene

Geneva Agreement. I urged that if Giap's letter was to be referred to French Liaison Mission for comment we should not, repeat not, ask for observation on any particular part of it. This view did not commend itself to my two colleagues.

6. It is my impression that the Pole is determined to press the Commission to make some comment on its reply on the extent to which the Manila Agreement the Franco-United States talks and Collins' mission conflict with Article 19 of the agreement — he mentioned this aspect of the problem this morning. This could be a sticky question which we would like the Commission to avoid but my colleagues may not agree with my views. I should appreciate your comments on this problem and particularly on Collins' mission and statements. I could, if you think it desirable, use some of the arguments which Mr. Eden made to Mr. Nehru when he replied to the latter's criticism of SEATO. (We have a copy of this letter here). From the Canadian standpoint are there any specific or other arguments we should advance?

7. A reply on this point I think should stress that the Commission will continue to control and supervise the implementation of the agreement. If in spite of this control it is claimed that violations have occurred the Commission will then be prepared to investigate. It cannot concern itself, however, with broad claims that violations may occur in the future as a result of other agreements which may be made or policies which may be adopted by countries which are not party to this agreement.

8. While the Chairman had first suggested that there should be no reply it may be significant that he has now indicated that the Commission should deal fairly, fully and completely with Giap's memorandum and therefore with the points concerning the Manila Pact and Collins' mission and statements.

9. Reply needed before Monday, December 27 if necessary through United Kingdom facilities.

779.

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Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

TELEGRAM 260

Hanoi, December 18, 1954

SECRET. IMMEDIATE.

Repeat New Delhi No. 37.

WEEKLY PROGRESS REPORT — FRIDAY DECEMBER 10 TO FRIDAY DECEMBER 17

I. *Freedom of Movement*

The Democratic Republic authorities have complained that there have been forced evacuations to the South and they suggested that the Commission should undertake investigations in refugee camps and invite the French High Command to disseminate information concerning Article 14 (d). In view of the understanding given by the Chief of the French Liaison Mission that the National Vietnamese Government are now prepared to give an assurance that they will carry out obligations under Article 14 (c) and (d) it was thought that it would be better to await the receipt of this assurance before dealing formally with the Democratic Republic request. In the meantime, the Democratic Republic authorities will be invited to indicate which refugee camps should first be investigated. We have taken the line that the Democratic Republic request should be acceded to and that in carrying out investigation the teams should also, as was done in Nam Dinh, ascertain whether refugees have other complaints.

2. The Democratic Republic Government have requested the Commission to send a team to observe in Saigon the trial of members of the Movement for the Defence of Peace. While the Pole and the Chairman were prepared to agree, I took the line that it would be improper for the Commission to take this course as such action would be based on the suspicions of one party, might be interpreted as interference with the administration of justice in the south, and cast a reflection on the impartiality of the Vietnamese courts, and might result in jeopardizing promised cooperation of southern administration. The Commission finally agreed that before any action should be taken, further information should be obtained whether the accused were being dealt with by a civil or military tribunal, whether the trial was only in the preliminary or had reached the final stage and whether proceedings were public or not. I also obtained their agreement that this information should not be obtained through our Saigon Office but through the normal channel e.g. the French Liaison Mission here. I am afraid that Democratic Republic intervention may prelude another attempt to exploit for propaganda purposes the Commission's next visit to Saigon and to create embarrassment in relations with the National Vietnamese Government. The French have now reported that trial is still in preliminary stage. Investigation is *in camera* but accused will be tried publicly before civil tribunal. Commission has agreed that authorities concerned should be given notice that cases are being considered by commission.

3. Resistance of armed units in North Vietnam (see paragraph 6 of telegram No. 243 of December 10).† At the meeting on December 13, the Commission discussed this question with the chiefs of the 2 liaison missions. The French maintain that the partisans were members of their armed forces and that the order to surrender was in fact intended to include them in plan of regroupment. The Chairman on behalf of the Commission has asked the French to indicate whether there is any evidence in the records of the Trung Gia or of the Joint Commissions that there has been any discussion on the point whether these partisans' movements would be included in regroupment foreseen under Article 15(f)(1). The Polish representative takes the view that if the partisans were members of the French armed forces, the provisions of 15(f)(1) have been violated. It is expected that the information required will be provided within a week when the Commission will have to determine whether the

partisans were under the effective control of the French forces and, if not, whether they can be considered as civilians entitled to the provisions of Article 14 (d).

IV. *Activities and Functions of Teams*

4. On December 10, the Commission confirmed its earlier decision that mobile teams drawn from fixed teams should move freely in a 10 kilometer zone along the frontier and should consequently be permitted to accede to this zone through roads in adjacent area which may be wider. In this wider area, teams will be authorized to observe (not to inspect) but it is understood that this will cover right to establish contact with local authorities to stop, receive petitions, etc.

5. Instructions are to be referred to both parties and made available to teams and liaison officers for discussion around December 20 so that any difficulties may be cleared up and whole scheme may come into effect on January 1st.

6. In line with the Commission's decision of November 30 that a general reconnaissance of the Chinese border be carried out, a preliminary step in considering the request of the French Union that fixed teams should be established at other points on the Chinese border to prevent the alleged importation of arms and military equipment, a mobile team was dispatched to the area of Cao Bang on December 14. Another team is slated for dispatch to the Lai Chau area on December 19. Democratic Republic authorities have refused permission to have these reconnaissances carried out by French Union aircraft so Commission has decided to try to cover the whole border area by road reconnaissance.

7. Reports have been received from the fixed teams at Vinh and at Haiphong that there has been interference by local authorities with mail addressed to the Commission and that petitioners, particularly in the case of Vinh, have had to apply to the liaison officers for permission to accede to fixed team. The commission advised the chiefs of the 2 liaison missions today (December 13) that strict instructions should be sent to all liaison officers as well as the local authorities to ensure that, in the future, correspondence addressed to the commission should not be mishandled and that the local population should have free access to the Commission's teams.

8. A mobile team consisting of the Air Advisers of all 3 delegations has been formed to assist with the taking over of the Gia Lam airport at Hanoi. This airport, which remained under the technical control of the French Union, will be handed over officially to Democratic Republic control on December 31 but the team expect to supervise the handover commencing immediately and continuing until January 10.

9. On December 14 the Commission considered Democratic Republic reply to protest concerning attitude of liaison officer who accompanied mobile team to Trayly. It was agreed that in the future in requesting agreement of High Command the Commission should specify the tasks to be given to the teams and indicate in general terms area within which they will operate together with the broad nature of their mission whether observation, enquiry, investigation. The liaison officers in the future should be instructed to give a liberal interpretation to the area of movement and to avoid restricting arbitrarily the tasks of the team.

10. After certain delays occasioned by bad weather the fixed team at Muong Sen was finally established and commenced operations on December 13 simultaneously with the fixed team at Tan Chau thus completing the establishment of fixed teams called for in Article 35 of the Geneva Agreement.

11. The necessary (preface?) and appendices to the fixed team instructions reported on fully in our last weekly progress report were completed by the Operations Sub Committee on December 13 and handed to the Chairman on that date.

V. *General*

12. Draft report on first 4 months of the activities of the Commission has been circulated and will be discussed on December 20 and probably finalized before departure of Chairman and Polish Ambassador on December 26 or 27. First draft gives somewhat optimistic impression as to the record so far of both parties and we will have to press for amendments devised to give more exact and in some respects more detailed picture of what has actually happened.

13. The USIS have suggested that a film might be prepared with their assistance on Commission activities. Pole reported that before end of the month a team from Polish Film Institute would undertake similar project. At our suggestion it was agreed these schemes should be considered by committee on information to be set up under Secretariat PRO. I feel that through this committee it may be possible for us to develop projects, to publicize work of the Commission and increase volume of available non-classified material on its work.

14. The Commission on December 14, referred for comments to the Democratic Republic authorities a request from the French concerning war graves (Article 23). No progress has been made in Joint Commission and Commission agreed to express hope that matter which is bound to create serious sentimental concern should be settled satisfactorily and soon.

15. I have already reported Commission's discussion concerning the handling of the reply to General Giap's memorandum (see our telegram No. 248 of December 13).

DEA/50052-A-40

780.

Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

Hanoi, December 27, 1954

TELEGRAM 269

SECRET. IMMEDIATE.

Repeat New Delhi No. 42.

WEEKLY PROGRESS REPORT DECEMBER 20 TO 25 INCLUSIVE

I. *Regroupment of Forces*

(a) *Transfer of Haiphong Perimeter*

Commission had preliminary discussion on December 20 concerning principles and procedure to be adopted in processing claims and counter claims as regards removal of equipment. Already disputes have arisen and petitions are being received. It was decided that an attempt should be made to get both parties to agree to follow generally Hanoi precedent. The Commission met chiefs of both liaison missions on December 23 for preliminary exchange of views.

2. The Democratic Republic representative requested that there should be no further removals, that the two parties should develop an agreed definition of what constituted "common property" and that inventories should be checked through joint teams.

3. After some discussion the Chairman suggested on behalf of Commission that parties might indicate by December 24 whether they accepted the following working principle. Ban on removal would cover property belonging to public institutions or (concerns?) of public utility, there should be no removal which might interfere with continued operation of services affecting life or property of the civil population. If the above general principle is accepted,

(a) The French should issue instructions that no removals inconsistent with it will be effected.

(b) Inventories will be prepared if the Democratic Republicans desire, with the assistance of mobile teams of the International Commission, to ensure that above principle has been observed.

(c) Inventories with appropriate comments by mobile teams will be referred to Democratic Republic authorities for examination.

(d) In the meantime, if any removals are to take place, French will give notice and International Commission, through mobile teams, will determine whether these removals are compatible with the agreed principle.

5. These arrangements are based on Hanoi experience, take into account responsibility of the party which is to retain control of the area until the date foreseen for handover (Article 14 (b)) and that of the Commission for investigating complaints as certain removals may constitute violation of agreement and lead to incidents interfering with orderly transfer.

6. At the meeting on December 24 it transpired that

(a) both parties agreed that administrative and technical files should not be removed.

(b) The Democratic Republic representative claimed that all equipment should be left while French suggested that United States lend-lease and reserve material should be removed.

(c) The Democratic Republic representative claimed also that all stocks should be left, the French were prepared to leave three months supply.

(d) As to inventories, Democratic Republic insisted on joint teams. Chairman pointed out that all equipment and stocks could not be left behind as area had been base for French war effort during last years. Equipment and supplies exceeded requirements of Haiphong itself. As to joint teams they were incompatible with responsibilities of French control of the area and French could not delay transfers until last minute.

7. Democratic Republic insisted that detailed arrangements should be worked out in Joint Commission. Commission agreed on the understanding that it would intervene again unless agreement can be reached within a week.

(b) *Withdrawals in the Central Sector*

8. Both parties have now provided material in support of their case. Matter has been referred to special ad hoc committee for study and report.

II. *Deserters and Civilian Internees*

9. Commission decided on December 20 to refer to committee of legal experts question on whether deserters can be considered as prisoners of war and whether action can be taken under the agreement to dispose of these cases. Two alleged deserters have turned up in Hanoi and requested repatriation to Tunisia. (see our telegram No. 198 of November 26). French have expressed unwillingness to send prisoners as requested by Commission concerning 61 alleged politics prisoners. Commission agreed that French as they suggest, might review these cases and arrange for the release of those they consider to be political prisoners. Other cases can be reviewed later by Saigon office, if necessary, with liaison officers from both sides.

III. *Freedoms*

11. It has now been formally agreed that work of the Petitions Branch will be coordinated by Freedoms Committee which has been instructed to make recommendations as to how improvements can be effected in handling of petitions.

12. The Committee on Freedoms has also been instructed to review reports of mobile teams which investigated exit permit arrangements in the north and to prepare comprehensive report including recommendations for improved and similar procedure both north and south by mid-January.

IV. *Reinforcement of Troops and Equipment*

13. (Paragraph 12 of our telegram No. 198 of November 26). Report from fixed team at Saigon disclosed that no movement of personnel had occurred as alleged by Democratic Republic authorities but examination of manifest of ship involved (Viet Nam) established that aircraft engines were imported. As French claim that engines had been sent to Japan for maintenance, Commission has enquired as to the number, specifications, and date they were sent and invited comments as to why no notification was sent to Commission.

V. *Report of the Secretary General*

14. On Monday December 20 the Commission had a preliminary discussion both in general terms and on specific points. Revision of report in the light of Commissioners' comments was assigned to Committee on information.

15. The revised draft was further discussed on Wednesday, Thursday, Friday and Saturday when final text was approved.

16. Commission decided that copies of the report should be sent to co-chairman with suggestion that Commission members governments be authorized to release it by a certain date (we suggested early in January if possible) and that copies might be circulated also to conference governments.

17. Copies of report going forward by bag.

VI. *Teams*

18. The mobile teams in the Tourane and Nha Trang district continued to be hampered by weather. In case of Tourane local representatives of National Government have been less than cooperative despite the efforts of the French Union Liaison officers to expedite the enquiry. The team was recalled by the Commission to give a full account of the reasons for their delay. It will resume its investigation on December 28.

19. Mobile team for road reconnaissance of the Chinese border in the area of Cao Bang successfully completed their mission and are at present working on their report. Second team on the same general mission departed as scheduled and word has been received that they have reached Lai Chau.

20. The team supervising the technical handover of the Gia Lam airport have presented an interim report in which they state that they cannot carry out the tasks assigned to them until such time as the Democratic Republic and French Union authorities reach agreement on the return of certain types of civilian airport equipment allegedly removed by the French civilian aviation authorities prior to October 10 and subsequently replaced by French military equipment which they now wish to remove under the terms of a protocol entered into by both parties. Both parties have been urged to work out arrangements which will ensure maintenance of required standards. Mobile team will observe handover.

VII. *Instructions to Fixed and Mobile Teams*

21. On December 20 Commission finally approved instructions. There was long discussion concerning definition of powers of observation of mobile teams drawn from fixed teams while in sphere of action. While I felt that instructions should specify that team could watch, examine or undertake reconnaissance, Polish Ambassador and Chairman argued that this went beyond strict interpretation of the agreement and that these powers could be requested later if in the light of experience it appeared that Commission needed them to exercise effective supervision and control. In order to avoid further delays I agreed on the understanding that, if necessary, definition would be broadened later to ensure effective and equal control and supervision both north and south.

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Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

DESPATCH 296

Hanoi, December 27, 1954

CONFIDENTIAL

FUNCTIONS AND ACTIVITIES OF THE FIXED TEAMS

I attach the Secretary-General's paper entitled "Instructions for Fixed and Mobile Teams", as it was approved by the Commission on December 20; this paper was sent to the fixed teams and the liaison officers on December 23 for discussion. If any difficulties arise it is hoped that they will be clarified in time for the instructions to come into effect on January 1, 1955. I also attach a map to give you a visual picture of the system of control envisaged for the fixed teams under the new instructions.

2. One of the main features of the scheme is that it has been developed within the framework of the Agreement, strictly interpreted: the parties are merely invited to assist the Commission in carrying out tasks of a nature and in a fashion specified in the Agreement. The Polish Ambassador has repeatedly made the point that such an approach was the only one which was likely to ensure willing compliance on the part of the governments concerned.

3. The arrangements suggested may ensure a fair degree of supervision and control at the fixed points: the teams are to carry out inspections at ports and airports at least daily. In some cases, the teams may even be enlarged to enable them to cope with the additional duties which such frequent checks may involve. It is clear that if these arrangements come into effect on January 1, the Commission will be in a position to exercise closer control in the South, where a few ports and airports have to be watched, than in the North where possible gaps have yet to be surveyed; for this reason, the Commission will have to send reconnaissance teams quickly and to develop adequate machinery to ensure that a corresponding degree of control is provided in the North.

4. The teams will be free to move along the roads in adjacent areas which give access to the frontier zone where they can exercise full control. In these wider areas, the teams will have broad powers of observation for the simple reason that if they are to exercise control in the frontier zones they must have access to them and while they are travelling outside these zones to reach them, it is impossible for the members of the teams not to observe. The teams, however, will be free to move on short notice: two hours if they are to return to their fixed location on the same day, not more than 24 hours for longer journeys.

5. These arrangements should make it possible for the Commission to exercise a fair degree of supervision and control as regards some of the military provisions of

the agreement; additional arrangements will have to be made later on, if necessary, to ensure that control and supervision can be exercised as regards the political provisions of the Agreement. It may well be that these additional arrangements may not be feasible on the basis of a literal interpretation of the Agreement and that the parties will have to be invited to agree "to stretch" somewhat such an interpretation to allow the Commission to perform the tasks it considers necessary. Approval of the attached instructions represents, in my view, a step in the right direction but other steps in other directions may yet be required.

6. Appendix III contains useful guidance to the teams on the handling of petitions. In the past, there has been some confusion in the disposal of complaints and petitions and the action taken by the teams has not been uniform. Specific instructions as to what should be done in given cases were needed and should facilitate their task.

7. It is clear that as long as control of the implementation of the military provisions could be ensured within the framework of the Agreement, in its most literal and narrow interpretation possible, the necessary arrangements had to be made without delay, and, to this extent, the Commission in one important area may be in a position to satisfy itself that the parties are complying with the provisions of the Agreement. I anticipate that it will be much more difficult to obtain agreement for the development of the necessary machinery of control in other fields where the provisions of the Agreement are not so specific.

8. As I reported in my telegram No. 269 of December 27,† there was a lengthy discussion in the Commission on December 20 concerning the definition of the powers of observation to be enjoyed by the mobile teams drawn from fixed teams when travelling in the sphere of action. While I felt that the instructions should specify that these mobile teams could watch, examine, or undertake reconnaissance, the Chairman and my Polish colleague argued that this kind of observation went beyond the strict interpretation of the Agreement and that such powers could be requested later if, in the light of experience, it appeared that the Commission needed them to exercise effective supervision and control.

9. The Chairman held the view that at this stage we were better advised to base the actions of our mobile teams drawn from fixed teams in the sphere of action on a strict legal interpretation of the Agreement. If this were done, it would, in his opinion, be difficult for either party to hamper the teams in the exercise of the duties assigned to them by the new instructions. Although I recognized the merit of the Chairman's argument and appreciated the undesirability of using the word "inspection" when defining "observation", I nonetheless hoped that I might carry my colleagues with me in agreeing that "observation" in effect would include "inspection". Indeed, when I had earlier discussed this matter with my two colleagues, I was left with the impression that the Chairman agreed with me. Although the Polish Ambassador argued that the use of the word "inspection" in the context of "observation" in the instructions might create difficulties, I thought that unanimous agreement had been reached that, even though the word "inspection" was not used, the mobile teams could, in fact, carry out inspection when necessary. The method whereby this could be achieved would be best determined after studying

the various activities which the mobile teams would undertake in their spheres of action.

10. I had hoped that although we would not include the word "inspection" in any definition of "observation", we would, by our examples of "observation" in effect expect our teams to carry out inspection.

11. When the Secretary-General circulated his paper I felt that his reference to our observation was too restrictive. I suggested the term "observation" should be drafted to cover reconnaissance, examination, and watching. Furthermore, I suggested that it should be made clear that the examples of observation listed on page 7 of the attached paper were illustrative only and not restrictive. In the course of our discussion it became obvious that the Chairman was no longer prepared to accept my view. In his opinion, the text as drafted by him would provide the Commission with all the powers needed at this stage and would give ample opportunity to the Commission to collect evidence to seek further authority if it should be considered necessary.

12. I accepted the Secretary-General's understanding of "observation" on the condition that, if experience proved that it was not broad enough to ensure effective and equal control and supervision in both the North and the South, steps would be taken to broaden it. As I see it, supervision and control in the South is relatively easy as long as the ports and airfields are covered by fixed teams. The situation in the North is more difficult and it is in this area that a narrow interpretation of the responsibilities of the Commission's teams may make the supervision and control less effective. Unless there is effective control in the North, it is difficult for the Commission to satisfy itself that the degree of control is equal in the two parts of the country.

SHERWOOD LETT

DEA/50052-A-40

782.

Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

Hanoi, December 27, 1954

DESPATCH 288

SECRET

Reference: Our telegram No. 269 of December 27 paras. 14 to 17 inclusive.

FIRST INTERIM REPORT (AUGUST 11 TO DECEMBER 10, 1954)

I attach two copies of the report.[33]

2. The report as it stands bears every sign of having been put together hurriedly and of being the result of a series of compromises describing the record of the parties in the implementation of the Agreement.

3. The decision to publish a report covering a four months rather than a five months period was prompted by the receipt of General Giap's memorandum. Within about a week the Secretariat produced a very rough first draft which the Commission took to Saigon on December 15. Saigon schedule happened to be heavier than expected and there was little time to consider the draft report. On its return to HANOI, with an extremely heavy agenda to clear up, in the week before Christmas and before the departure on leave of two of the Commissioners, there was really no time for as careful, detailed, considered revision of the report as we would have liked.

4. As to compromise formulae, they can be found throughout the report: for instance, paragraph 90 concerning Tra Ly had to be worked out in the light of Polish objections to criticism of the D.R. attitude and of Indian increasing unwillingness to admit that something more than a narrow interpretation of instructions might be involved; similarly, in the conclusion chapter, paragraphs 121 and 122 had to be carefully balanced both as to length and emphasis.

5. Throughout the discussion we found an inclination on the part of the Chairman to present what we considered to be an unwarranted optimistic picture of the situation, particularly in so far as Chapter VI, Control of the Introduction of War Matériel, was concerned. The Polish Representative's position was closer to our own. He was not prepared to leave himself open to criticism should it be established later that since August, either one or both parties had introduced personnel or equipment. I may add, that on the whole, while the Polish Delegation, on occasions, suggested amendments which would have been unfair to the French Union, they have not been obstructive, they have not unduly pressed their points and they have readily enough agreed to more balanced and objective revisions.

6. The Interim Report will be forwarded to the Co-Chairmen by Mr. Desai as Secretary General under a covering letter which we have not yet seen. It occurs to us that you may wish to take up with the Foreign Office the question of the early release of this document. The matter will no doubt be discussed as suggested by the Commission between the Co-Chairmen but if the Polish attitude here provides any indication, it would seem reasonable to assume that Mr. Molotov may be prepared to agree to an early publication.

7. On the question of style, I am bound to report that, in spite of numerous discreet and delicately presented suggestions for possible improvements, the Chair-

[33] Voir/See United Kingdom, Parliamentary Papers, Cmd. 9461, *First and Second Interim Reports of the International Commission for Supervision and Control in Vietnam*, London, Her Majesty's Stationery Office, 1955, pp. 6-42.

man has consistently shown a strong preference for Indian as opposed to Canadian English.

SHERWOOD LETT

DEA/50052-A-40

783.

Le commissaire de la Commission internationale de surveillance pour le Vietnam au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Vietnam, to Secretary of State for External Affairs

Hanoi, December 31, 1954

DESPATCH 301

CONFIDENTIAL

INDIAN AND POLISH ATTITUDES

December 30 was on the whole a fairly successful day and the discussions in the Commission had, I think, particular significance.

2. The Commission dealt first with the transfer of Gia Lam Airport on January 1. The Chairman of a team of air advisers reported that under the arrangements foreseen, the airport would be reduced to the level of a fair-weather field. The Acting Chairman took the position that the Commission might have to accept such an arrangement in the hope that the situation could be improved gradually. The Polish Representative thought that the delay might not be very long.

3. I pointed out that without an airfield operating at the necessary level of efficiency the Commission, particularly during the next few months, might not be in a position to ensure the maintenance of some of its fixed teams, to send a mobile team to undertake an urgent inquiry or to maintain adequate communications with other parts of Indo-China or with the outside world. For these reasons, I felt that the Commission could not agree to even a temporary lowering of standards at the airfield. The parties had to be told in no uncertain terms that it was their duty to meet the vital requirements of the Commission. My Indian colleague shifted his position and agreed with me that a strong appeal had to be made to both parties. The Pole had to accept this line.

4. Later in the day, the Commission discussed an interesting case. The French claim that on December 15 four French prisoners of war escaped from a camp near Vinh where 80 French prisoners are being detained. The four Frenchmen in question took refugee in the Church compound at Vinh and the local priests submitted a petition on their behalf to the local team. Unfortunately, the team was away on a patrol and the petition was left with a Polish official. The next day, Viet troops surrounded the Church and recovered the prisoners. One priest managed to hide, and later to tell the story to the French Liaison Mission in Hanoi before reaching Haiphong.

5. At first, the Acting Chairman suggested that the complaint should merely be referred to the D.R. Liaison Mission for comments. I pointed out that a very serious allegation had been made and that the matter should be investigated forthwith through a mobile element drawn from the fixed team at Vinh. The Acting Chairman readily agreed and joined me in overcoming Polish attempts at delay. Our Polish colleague suggested that detailed instructions had to be drafted by the Committee on Freedoms, that the team should be instructed to prepare first a report on what it knew about the case. The Indian and I were firm and a telegram was sent to team instructing it to undertake the investigation immediately. The Indian Delegation appeared to consider that, once more, the Poles were giving signs of taking a very partial position.

6. In the course of the discussion both the Indian and I had been very careful not to refer to the allegation that the original petition had been referred to a Polish official at the fixed team location. I had assumed myself that if an inquiry could be undertaken the facts would be brought out unavoidably. The Polish Representative himself raised the point and mentioned that disturbing statements concerning the members of certain delegations had been made and that they would have to be investigated.

7. The Commission then considered a French request that a mobile team be sent to the Ba Lang area where according to the National Vietnamese Government 10,000 persons were assembled in the Cathedral compound. The item had been placed on the agenda for December 30 but in spite of this, the Polish Deputy Secretary General in charge of the Petitions Section had written to the D.R. Liaison Mission inviting their comments. I inquired as to the propriety of this action and the Indian Acting Chairman apologized on behalf of the Secretariat General. While similar action had been taken in one or two cases, it was not in line with settled policy. In fact, it was obvious that such a letter anticipated the outcome of the Commission's discussion and, in effect, gave one day's notice to the D.R. authorities about a possible investigation by a mobile team. This was all the more unnecessary as it seems that similar notice could have been conveyed informally.

8. The purpose of the Polish manoeuvre became obvious in the course of the discussion. The Polish Representative argued that as the letter had already been sent it might be sufficient to invite D.R. comments. When we opposed this very firmly, we were given the usual series of objections: instructions had to be drafted in detail, the Committee on Freedoms had to study the report of the mobile team which had recently conducted an investigation in the area. The Acting Chairman who, two months ago had hesitated so long before agreeing that a team should be sent to Phat Diem came out strongly with the view that the only way to find out whether there was a concentration at Ba Lang was to send a team and that it had to be sent quickly.

9. It may well be that our team will not discover a prisoner of war camp near Vinh or that there is no large concentration of refugees at Ba Lang. It is significant that due to an apparent change in the Indian attitude, the Commission can now, on occasions, make decisions quickly. The Polish attempts at obstruction are becoming more and more obvious and the partial attitude of some Polish officials in the

Secretariat and on the teams is so glaring that it may not be without having some effect on the Indian Delegation.

10. I am not so concerned with Polish moves which can now be predicted quite easily in most cases, as with the Indian attitude. The Indian Alternate is not a very politically articulate officer and operating under a strong Chairman he has always displayed great reluctance in the absence of his chief about making any decisions which the Poles might not accept. It is, therefore, in my view, quite significant that he has now moved to the point where he takes readily quite a strong position and that he will change his initial line and support our own proposals for quick and energetic action. When I had doubts as to the Indian attitude, in the first few months, I was cautious to point out that my impressions were tentative and that an evolution was possible. I feel that such an evolution may have taken place but similar caution against optimism is undoubtedly required. The Indian Delegation may have shifted somewhat closer to us but they are not committed yet and great care will be required to secure their support on the important issues which have yet to be dealt with.

11. I may add that in anticipating Polish moves and endeavouring to enlist Indian support, careful staff work is required. With additional personnel, I feel that for the first time we have been able to attend Commission meetings with adequate briefs and to some extent to take the initiative. The Pole no longer has control of the agenda as he seemed to at one time. Furthermore, with adequate staff we can brief the members of the mobile teams before they leave and obtain from them on their return valuable material for subsequent Commission discussion. The investment in personnel, I think, may already be bringing dividends.

SHERWOOD LETT

SECTION D

COMMISSION INTERNATIONALE DE SURVEILLANCE ET DE CONTRÔLE AU CAMBODGE
INTERNATIONAL COMMISSION FOR SUPERVISION AND CONTROL FOR CAMBODIA

784.

DEA/50052-C-40

Le commissaire de la Commission internationale de surveillance pour le Cambodge au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Cambodia, to Secretary of State for External Affairs

DESPATCH 20

Phnom Penh, October 27, 1954

CONFIDENTIAL

A REVIEW OF THE WORK OF THE INTERNATIONAL SUPERVISORY COMMISSION FOR CAMBODIA FROM ITS INCEPTION UNTIL 20 OCTOBER 1954

Now that the Commission has entered a more static phase of its existence, I think it may be helpful to the Department if I attempt a summary of its activities up to the final evacuation of Vietnamese troops on October 18 and the consequent dissolution of the Joint Commission on October 20, 1954. It is not my intention to give a play-by-play account of those activities but to describe in broad outline the difficulties and achievements of the Commission during the period in question. My thought is that such a report may constitute a useful résumé of this period for those officers in the Department who are particularly concerned with Indo-China. It will also provide a background against which to assess the further tasks of the Commission and their chances of successful completion.

The Early Phases: 11 August to 5 September

2. Not much was sent to Ottawa during this first month as very little of the work of the Commission was put on record, although it was during that period that the ground-work was done. As you know, there had to be a good deal of improvisation in those early days, and there was neither personnel nor machinery for the preparation of reports. For the Canadians, Brigadier, now Major-General, Morton, and later Mr. T.F.G. Fletcher did an excellent job of work in getting the Canadian Delegation housed, fed and working. The Commission held its inaugural meeting on 11 August and in its first few sessions adopted rules of procedure, made itself known to the Cambodian authorities, set up a central headquarters, decided on the sites for fixed and mobile teams, settled the order of priority for sending these teams out, drew up standing orders for them, and established liaison with the Joint Commission which had started its work at Svay Rieng on 20 August.

Later Phase: 7 September to 22 October

3. It was not until the 11th meeting of the International Commission, held on 7 September 1954, that the permanent Chairman, Mr. G. Parthasarathi, and the Polish Commissioner, Mr. Wiktor Grosz, took up their appointments. On 5 September, Mr. R. Duder, replaced Mr. Fletcher and remained head of the Canadian Delegation until the arrival of Mr. R.M. Macdonnell on 14 October.

4. The Commission, having paid official calls on the King and his chief ministers, at once got down to the business of supervising the release of prisoners-of-war and civilian internees. This task was tackled at several meetings of the Commission and at further meetings between it and the Joint Commission. These latter meetings took place at Banam, half-way between Phnom Penh, where the International Commission had its headquarters, and Svay Rieng, where the Joint Commission had theirs. I think it fair to say that the International Commission was able to expedite matters by resolving differences between the Royal Cambodian Delegation on the one side, and the Delegation of the Vietnamese Military Units and Khmer Resistance Forces on the other, and by exerting tactful pressure on both sides to get on with the business in hand.

5. The first release actually took place at Suong on 11 September and the Commissioners were present to see that everything was properly done. At later releases, the Commission was represented by the fixed or mobile team of the district concerned, the Commissioners presiding over the final release at Kompong Cham on 23 September when some 337 civilian internees were set free. On the whole, the operation went smoothly and last-minute differences of opinion were settled by the Commission on the spot. A press release on the liberation of prisoners-of-war and civilian internees was later issued by the Commission. Nothing now remains of this phase of the Commission's work except a few complaints from both sides that not all prisoner-of-war and not all civilian internees had been released. These complaints are being investigated.

Withdrawal of Foreign Armed Forces and Foreign Military Personnel

6. The withdrawal of French military personnel had been largely carried out before the Commission had begun its activities. Apart from the French military mission and a number of French military and naval instructors, there are now no French forces in Cambodia. The main problem in this field concerned the Vietnamese Military Units. In a series of meetings with the Joint Commission, the International Commission was able to iron out differences between the Royal Cambodian Army Delegation and the other side. Finally a workable plan was achieved which called for the aid of 1 French LCT and 2 LCMs. This plan was put into operation on 12 October when approximately 500 Vietnamese troops were evacuated down the Mekong River from Neak Luong to South Vietnam. On 15 October a further group of 834 and on 18 October a final group of 1,050 were withdrawn. With each group the International Commission sent a team of its officers who remained on board the transports up to the Cambodian border. The Commissioners were present at each evacuation and their presence was clearly welcome to both sides. I think it was also useful in preventing any last-minute hitches

since each side could appeal to the Commission and, by accepting the Commission's decision, save face — an important consideration in the Far East.

7. The total number involved in the withdrawal is suspiciously small. The Royal Cambodian Government has expressed to the International Commission its grave concern over this and its intention of investigating on its own to establish whether there are armed Vietnamese and Khmer Resistance Forces still in the Kingdom. I think it more than likely that there have been clandestine withdrawals of Vietnamese troops and of Cambodian resistants together with their arms and supplies. Nevertheless, the Cambodian Government cannot but welcome the clearing of its territory, in spite of its justifiable fear that some of the men secretly withdrawn may return to sow discontent and dissension.

Fixed and Mobile Teams

8. These tripartite teams have been stationed at strategic centres throughout the country. There are 5 fixed teams with 6 officers each at Svay Rieng, Kampot, Kompong Cham, Kratie and Phnom Penh. There are three mobile teams, two at Battambang, one at Kompong Chhnang and a fourth which is to be sent, against the Canadian Delegation's judgment, to Stung Treng early in November. The teams are visited at regular intervals by a liaison mission from the International Commission's Headquarters and the team-members occasionally come to Phnom Penh. In these ways, the International Commission has been kept informed of what goes on in the provinces. Until the dissolution of the Joint Commission on 20 October, the teams were in liaison with the Joint Groups which represented that Commission in various places throughout the country. They supervised in some places the liberation of prisoners-of-war and civilian internees, and the withdrawal of Vietnamese Military Units from the districts where they operate. They have undertaken on-the-spot investigations at the request of the Commission and serve generally as the eyes and ears of the Commission throughout Cambodia.

Relations Between the International Commission and the Royal Government

9. Relations between the Cambodian Government and the Commission have been correct but not exactly cordial. It has to be remembered that Cambodia has not been independent for very long and its Government is understandably somewhat touchy about its new-found dignity. Moreover, they are, according to my information, extremely suspicious of the Poles and it must, I fear, be admitted that the Polish Commissioner has gone out of his way to be critical of them and ostentatiously friendly to the Vietnamese and Khmer Resistants. I have reported in earlier communications the difficulties which arose between the Government and the Commission over certain official communiqués, both theirs and ours, and the reasonably satisfactory solution of these differences. The Cambodian Government felt the International Commission was more or less thrust upon them at Geneva. They believed they could handle the aftermath of war without assistance. Their resentful attitude towards the rumoured claims of the Commission to supervise the elections is but one example of their somewhat stiffnecked attitude. I should, however, add that the personal relations of the Canadian Delegation with the various ministers have always been friendly and, as far as I can judge, not merely as a result of the

innate politeness of the Cambodians who are, by and large, a charming and friendly race.

10. In fairness, it should also be said that the ministers have nearly always answered the Commission's requests for information promptly and fully. This is particularly true of the request which the Commission made to the Minister of National Defence concerning the planned extension of the armed forces under Articles 7 and 13 (c) of the Geneva Agreement.[34] The Government have also made it possible for our teams in the field to move freely and to make whatever enquiries they have thought fit. I have made several attempts to get them to see more of the Commission in Phnom Penh on an informal basis but so far with no great success. I should add that the Colombo Conference and the quadripartite conference in Paris have taken many of their top men and resulted in a great overburdening of those ministers who remained in the capital. Some ministers have as many as three or four portfolios.

Relations with the Vietnamese Military Units and Khmer Resistance Forces

11. Relations with the Vietnamese leaders and the leaders of the Khmer Resistance Forces have been largely confined to the meetings at Banam between the Joint Commission and the International Commission. All these Communists have been excessively polite and deferential, not to say flattering. They have gone out of their way to visit the Commissioners privately, both individually and as a trio; I have reported most of these encounters as they took place. On 8 October, the Commissioners visited the Vietnamese High Command in their jungle headquarters beyond Suong and were received with great ceremony, treated to several courses of speeches and many more of Vietnamese foods. We were prayed for, which no doubt we needed, by the local bonzes and, on leaving, presented with gifts by the Commander-in-Chief. When the Joint Commission ended its work on 20 October, the Vietnamese co-Chairman, Colonel Nguyen Thanh Son, gave a banquet in our honour in Phnom Penh, in the course of which our role as "consolidators of peace" was the subject of many fulsome speeches and innumerable toasts.

Cambodian Personalities

12. In earlier reports, I made brief mention of the principal ministers of the Royal Government. It may now be useful to revise those first estimates and add sketches of some of the other men with whom the Commission has had dealings:

(a) *The President of the Council of Ministers, H.E. Penn Nouth.* M. Penn Nouth is a devoted patriot and as wily as a fox. He is extremely powerful and few decisions are taken by the various ministers without his knowledge and approval. He strikes one as highly nervous and easily roused. On such occasions his voice tends to become high and shrill and his uncommonly long fingers scratch the back of his uncommonly long neck with alarming frequency. The antagonism between him and the Polish Commissioner has been barely concealed during our few meetings. He

[34] Une copie du document 39 a été remise au commissaire au Cambodge pour le guider de façon générale./The Commissioner in Cambodia was provided with a copy of Document 39 for his general guidance.

has been most affable to the Canadians. He may become a leading man in the Democratic Party when the electoral campaign opens.

(b) *The Minister for External Affairs, H.E. Tep Phan.* M. Tep Phan is a charming and affable little man, very much under the thumb of Penn Nouth. He is less of a Minister than a superior civil servant, hardworking and honest, within the limits of local custom which is rather laxer than Canadian. You will remember that he was David to Mr. Molotov's Goliath in the closing hours of the Geneva Conference. Our dealings with him have been cordial but not frequent enough.

(c) *The Minister of National Defence, H.E. Colonel Ngo-Hou.* Colonel Ngo-Hou is also Chief of the General Staff and Minister of Public Health. He is a medical doctor by profession and, so it is said, a collector of perquisites by nature. I am told that he is closely allied to the King's mother who is a sinister influence and the foremost intriguer and grafter in the Kingdom. Colonel Ngo-Hou has been quite ready to provide the Commission with information on the planned extension of Cambodia's armed forces. One of his weaknesses, however, is the inability to delegate authority. I have heard that he is not loyal to anyone except himself. On the other hand, he is energetic and some of the foreigners here have found him helpful.

(d) *Colonel Lon Nol.* Colonel Lon Nol was the head of the Royal Cambodian Delegation to the Joint Commission. He has now returned to his post as Governor of the Province of Battambang and — an unusual combination for Cambodia — Commander-in-Chief of the troops there. In politics he is a leading figure in the Party of National Reconstruction but tells me that he has not yet decided whether to run for election next year. Like the Ministers described above, he speaks fluent French. He is, for a Cambodian, a large man with the broad flat face and thick lips of the race. In my opinion, he is the finest public man we have met. Open and honest, Lon Nol strikes me as one of the best hopes of this country. He has the entire confidence of the King who, by all accounts, can do with a few really reliable men around him. We hope to keep in touch with him through our teams in Battambang.

Personalities of the International Commission

13. The Chairman of the International Commission, Mr. G. Parthasarathi, has great patience, considerable acumen and undoubted charm. Like many of his compatriots, he moves at a pace which is as far removed as possible from that of the go-getter. He believes strongly in the healing influence of time and occasionally time fails to perform the curative function which he had allotted to it. As a chairman, he is not always firm enough, with the result that matters are sometimes postponed for no very cogent reason. He has, however, a good mind and is a very civilized person with great qualities of human warmth and sympathy. By profession he is a journalist. His father, now dead, was Minister of National Defence, and Mr. Parthasarathi himself is said to be a protégé of Mr. Krishna Menon and favourably known to Mr. Nehru, whose visit to Phnom Penh on Sunday, 31 October, he is busily preparing. His relations with the Canadian Delegation could hardly be better. At first he was a little uncertain of himself, since this is his first venture in the field of diplomacy, but he has steadily gained confidence and I think he may well become a prominent member of the Indian diplomatic service.

14. Major-General Sarda Nand Singh, the Indian Alternate Delegate, is a handsome and dashing soldier with a great sense of fun. He was formerly Military Secretary at the time when the Chairman's father was Minister of National Defence and Mr. Parthasarathi leans heavily on him. He is, unfortunately, very keen to get back to India and this detracts from his application to the tasks in hand. A most likeable man, Major-General Singh has at all times shown the greatest friendliness to the Canadians.

15. The Polish Commissioner, Mr. Wiktor Grosz, is an ardent and voluble Communist who has never attempted to be strictly neutral. He has gone out of his way to show his comradeship with the Vietnamese Military Units and Khmer Resistance Forces and has frequently needled the Cambodian Government. It has sometimes taken all the persuasive power of the Chairman and the Canadian Commissioner to prevent him from committing acts which, in their opinion, might have completely alienated the Government. Mr. Grosz is affable and approachable, and has been an excellent companion on the various journeys of the Commission. He is an admirable linguist and a shrewd negotiator. His relations with the Canadian Delegation have been cordial within the limits inseparable from the relationship between an avowed Communist and representatives of Canadian democracy. Possessed of unusual mental and physical energy, he has surrounded himself with a large team and shows no sign of wanting to reduce the Commission's numbers. It is a mystery to us, and to the Cambodians, what all his minions find to do but it seems clear that they intend to keep a close watch on the activities of the Cambodian Government, both in the capital and in the provinces. Mr. Grosz was the senior "political" general of the Polish Army, a former ambassador to Czechoslovakia and in, I think, 1945 Head of the Polish Military Mission to the United Kingdom. It seems at first sight somewhat puzzling that so experienced and senior a man should have been sent to the least complex and most peaceful of the three states of Indo-China. The answer to the puzzle may well be that in Cambodia the Communists lost and had to leave the country, whereas in VietNam their success was great. To help as far as possible to redress the balance and to prepare the way for future Communist infiltrations and possible eventual victorious return, an able and senior Communist with great experience in the Communist underground was chosen as Polish Commissioner. This interpretation may link up with the quite unnecessarily large number of Poles who are now in Cambodia and to whom fresh arrivals are added every week. On some days in my hotel there are as many Poles in the dining room as there are Canadians in the whole of Cambodia. It should never be forgotten that the Communists are trained to take the long view, no matter what the immediate task in hand may be. We, on the other hand, have come here to do a limited and fairly clearly defined job of work and then to return to our country. Left to itself with Laos and VietNam as neighbours, this little kingdom will be in no enviable position over the next ten or fifteen years. Although it is perhaps neither relevant to this despatch nor to the task of the Canadian Delegation, I venture to hope that we are giving some thought in the Department to ways and means of helping the Cambodians to remain anti-Communist. As an independent country Cambodia is a newcomer to the international scene and will both need friends and be grateful to them.

Relations with the Diplomatic Corps

16. The Canadian Delegation has been in friendly contact with the newly-arrived American Ambassador, Mr. McClintock, and the newly-arrived British Ambassador, Mr. Heppel, as well as with the Thai and Japanese Ministers. We have not pushed these contacts very far as yet in view of our instructions and the neutral nature of the Commission. With the French High Commissioner, Mr. Gorce, we have had formal contact which he has not attempted to pursue. At the time of the withdrawal of the Vietnamese Military Units, we saw something of Colonel Des Essars, head of the French Military Mission, with whom our dealings were friendly and fruitful.

The Canadian Delegation

17. The Canadian Delegation now has a headquarters in which all members of the headquarters staff work. Living accommodation is in hotels. Health has been, on the whole, good. There have been no serious problems and the team is working well.

The Task Ahead

18. The International Commission has now entered a more static phase of its operations. With the exception of keeping a watch on the entry of war material in the light of the Cambodian Declaration on this matter, dealing with petitions and complaints and considering the problems of integration and the elections, the Commission has carried out according to schedule the main tasks set forth in the Geneva Agreement. The Canadian Delegation has already begun to consider possible reductions of the strength of the Delegation. Unfortunately, the Polish Delegation has been increasing steadily and insisting on putting out more teams. We are studying the implications of this development, which strikes us as ill-timed and likely to arouse the suspicion and anger of the Cambodian Government. The Chairman of the Commission is also worried about this matter.

19. It is, I think, fair to say that the International Commission has dealt on the whole successfully with the problems that faced it from its arrival until the dissolution of the Joint Commission on 20 October. It has exercised a moderating and stabilizing influence on the post-hostilities period. There is no reason to doubt that it will continue to exert this influence during the remainder of its sojourn in the Kingdom of Cambodia.

R. DUDER
for Commissioner

DEA/50052-C-40

785.

Le commissaire de la commission internationale de surveillance pour le Cambodge au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Cambodia, to Secretary of State for External Affairs

TELEGRAM 22 Phnom Penh, November 12, 1954

CONFIDENTIAL

Reference: My telegram No. 20 of 5 November.†
Repeat Hanoi, Vientiane.

PROGRESS REPORT FOR WEEK 6-11 NOVEMBER

1. The Commissioners and Advisers spent weekend at Kep visiting fixed team at Kampot and provincial authorities. Useful private talks between Chairman and Polish Ambassador revealed divergence of views on reduction in strength of Commission personnel, Grosz contending that much work remains to be done. Chairman wants Canadian delegation to present factual case for reduction and we are turning our attention to this.

2. The 3 days Festival of the Waters brought normal business to a standstill in Phnom Penh. Visitors included Woodsworth, *Ottawa Citizen*.

3. Chairman and 3 Deputy Secretaries-General left November 12 for Hanoi to attend first coordination meeting of 3 Commissions.

4. The planned investigation in the Province of Svay Rieng, referred to in paragraph 4 of my telegram under reference, has been shelved. At a private meeting of the Commissioners on 10 November the Polish Commissioner said he had been misunderstood and had not agreed to such an investigation.

5. An investigation by the fixed team at Phnom Penh into the alleged presence of Vietnamese troops in Kompong-Speu area was undertaken in response to a letter on this matter from the Foreign Ministry. It turned out that the incident which was the subject of the complaint had taken place on 8 October, the Vietnamese concerned had been withdrawn under the evacuation scheme and no further trouble has been reported. In other words, events had long since overtaken the circumstances reported in the Ministry's complaint and their information from the area concerned was out of date.

6. Reports coming from Canadian team members suggest that the Indians are beginning to lose their composure in dealing with Poles. This situation has been brought about by the attitude of the Poles who apparently delight in raising objections at every opportunity and make little effort to cooperate. For example, they will wrangle for hours over 1 word in the teams weekly report. 2 recent reports from Battambang, each of less than 2 pages and very general in nature, required 5 hours discussion before the Poles would agree to sign them. Flare ups between the Indian team leaders and the Poles have occurred during the last 2 weeks at Kampot,

Kratie, Battambang and Kompong Chhnang. The Polish Commissioner implied this week that the Canadians and Indians on various teams were refusing to carry out necessary and proper tasks suggested by their Polish colleagues.

7. At its 23rd meeting on 11 November the Commission considered letters from the Foreign Minister:

(a) Complaining of exactions by the Vietnamese Hoa-Hao sect in the province of Takeo.

(b) Alleging that civilian internees, provincial guards and prisoners-of-war were still held in custody by the Vietnamese military units (i.e. the Viet Minh).

The Minister asked the Commission to use its powers and prerogatives to solve these questions. It is not easy to see just how the Commission can influence these unsolved problems which now concern territories and authorities outside Cambodia and, in some cases, have no perceptible relation to the Geneva Agreement. The Foreign Minister is showing a regrettable desire to unload such problems on the Commission, usually by means of vague letters which give us insufficient information.

786.

DEA/50052-C-40

Le commissaire de la Commission internationale de surveillance pour le Cambodge au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Cambodia, to Secretary of State for External Affairs

TELEGRAM 26

Phnom Penh, November 19, 1954

CONFIDENTIAL

Reference: Our telegram No. 22 of 12 November.
Repeat Hanoi, Vientiane.

PROGRESS REPORT FOR WEEK 13-19 NOVEMBER

1. Chairman returned on 16 November from co-ordination meeting of the three international secretariats at Hanoi. Reports on this will follow. Chairman's experience at Hanoi and further conversations with Polish Commissioner have convinced Parthasarathi that it is now most unlikely that the Poles will agree even to consider reduction. He has asked us therefore not to submit our plan to reduce numbers (see para 1 of our telegram under reference). On the contrary, Poles are preparing to press for sending out of more teams, notably to Snoul and Khum Krek, and taking line that the Commission has more, not less work to do. In conversation with us Chairman appeared to be more convinced than he was when we last had a discussion on the subject that Commissioners would have to keep an eye on the elections in order to ensure democratic liberties of all citizens. He proposes to continue efforts to win confidence of government with aim of persuading them of benefits to

them of having Commission's agreement that the elections were properly conducted. Would appreciate your views on the election issue.

2. These various considerations place the future of the Commission in a new but not necessarily clearer light. I think we must reconcile ourselves to staying here indefinitely and at about the same strength. There may even have to be an increase if pressure increases. Polish Commissioner has already said to Chairman that he sees no reason why Canadians should not send for more officers. Much will depend on firmness of Chairman's support of our view. More Poles have arrived and I anticipate a struggle to hold them back from interfering unjustifiably in the internal affairs of Cambodia. There are already signs of this from the teams. For example, in Battambang they have tried to persuade the team to investigate all the people in the local prison to see whether they have been excluded from the benefits of the Geneva Agreement. In Kompong Cham they are asking for copies of the electoral roll. There have been a few reports of Polish members of teams trying to contact local intellectuals such as school teachers and officials. New Polish arrivals are said to be more militant Communists than we have hitherto (group corrupt). Both Chairman and Grosz saw Ho Chi Minh and Niap (Giap as decyphered) at Hanoi.

3. Some French troops and officers are withdrawing from Laos through Cambodia and Commission is keeping an eye on this movement.

4. Liaison team visited Kompong Cham and Svay Rieng this week. Next week it goes to Kampot, Kompong, Chhnang and Battambang.

5. Commissioners and advisers visited Battambang on 18 November and had useful talks with Governor Lon Nol (Mon Nol as decyphered) and the teams. Military Committee met today, 19 November. At this meeting Colonel Babicz, the Polish military adviser, stressed the need of checking the movement of all war material from South Vietnam to Laos along the road which passes through Snoul, Kratie and Stung Treng. He maintains that if the International Commission teams do not check it and control its movement, then there is nothing to prevent much of it being retained in Cambodia. This is considered by military adviser to be a subterfuge to have more teams stationed along the Snoul-Stung Treng road, a move which as we have noted in paragraph 1 above the Poles have been trying to have approved. The matter was referred to the Commissioners by the Military Advisers Committee and may be brought up at the Commission's meeting on 29 November.

6. Woodsworth left on 16 November. Reuters representative in Indo-China, Smith has asked to see us this week.

7. Macdonnell leaves 20 November. Prime Minister giving a dinner in his honour this evening, 19 November.

787.

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Le commissaire de la Commission internationale de surveillance pour le Cambodge au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Cambodia, to Secretary of State for External Affairs

TELEGRAM 28

Phnom Penh, November 26, 1954

CONFIDENTIAL

Reference: Our telegram No. 26 of 19 November.
Repeat Hanoi, Vientiane.

PROGRESS REPORT FOR WEEK 19-26 NOVEMBER

1. At its meeting on 19 November Commission considered what to do about prisoners-of-war allegedly held by both sides. General Giap had promised Chairman to look into lists furnished by Cambodian Government which we will send him and to reply through Vietnam Commission. We shall take up with government question of non-release of some 400 prisoners stated by Vietnamese to be still held in Cambodia. Complaints and petitions were also discussed and International Secretariat directed to classify these more carefully. The government had written to say that the Commission should neither correspond with nor contact in any way Son Ngoc Thanh. The Commission felt that since he was now a citizen we could not accept the view that he had no right to contact us or that we had no right to meet him. Commission also heard a report on 28 Cambodian prisoners-of-war handed over by the French to the local authorities at Svay Rieng. They are now in Phnom Penh and will be liberated shortly. Ministry of Justice has asked Commission to be present at liberation.

2. The Commissioners have held several informal meetings to seek agreement on our future tasks after which we intend to ask the government to meet us informally to discuss these tasks. The atmosphere was friendly and there seemed to be a real desire on Grosz's part to reach unanimity. Both he and Chairman went a long way to meet me on the question of elections. At tomorrow's meeting Chairman will place on record a paper embodying our agreement. Its main points are:

(a) Commission considers Articles 1 to 5 and Article 8 as carried out. Residual claims under Article 8 to be settled by direct contact between governments of Cambodia and Democratic Republic with Commission's help.

(b) Commission not satisfied that Article 6 has been fully carried out by government and is disturbed by reports that some former members of the Khmer resistance forces have been arrested or detained.

(c) Commission must now make effort to persuade and convince government that cooperation with the International Commission in these common tasks will not only enable us to discharge successfully our responsibilities but also contribute to a lasting political settlement in Cambodia.

(d) Elections (group corrupt) agreement is given here verbatim. I had to fight hard for it and hope that it will receive your approval. In discussions with the government special stress must be laid on the fact that the International Commission cannot remain indifferent to the parliamentary elections in Cambodia. In terms of Article 6 of the agreement, the declaration of the Royal Government at Geneva on the subject of elections and point 3 of the 9 powers declaration, the International Commission has a responsibility to make sure that all citizens participate in the coming elections in conditions of respect for democratic freedoms as guaranteed by the constitution of Cambodia. The International Commission does not contemplate supervising the elections which it agrees are to be held according to the laws and regulations of the country. Its sole concern is to assist the government in fulfilling the obligations which it undertook at Geneva.

3. *Military Advisers Committee*: At meetings held 23 and 24 November the Polish military adviser, Col. Babicz, was argumentative, intransigent, and rude, he argued over every minor point, making an issue of almost every word that went into instructions for the teams. The 2 meetings lasted 5 hours and settled only minor points. Babicz requested positioning of a team at Snoul. Canadian member refused to agree. He was given some support by the Indian and a decision was postponed. Indian General took very great exception to a false accusation by Babicz that he had issued instructions to (all?) of the teams without approval from the Canadian and Polish members. Accusation repeated by the Polish Commissioner to the Chairman at another meeting. Indian claimed his integrity was being put in doubt. After much hedging Babicz agreed to ask his Commissioner to apologize to the Chairman. The apology has not yet been made. Meeting on 26th was friendlier and more was accomplished. At this meeting Babicz tried to have Indian and Canadian members agree that Cambodian Government should be made to permit the teams to go wherever they wished without prior notice. The Canadian member argued that it was only common courtesy to ask the government for permission to visit any military installation and thus hope for full cooperation rather than invite antagonism. The Pole finally agreed.

4. Commission visited Kratie and Stung Treng by plane on 25 November and briefed teams in these isolated spots. Canadian and Indian team members supported our view that there is no real case for sending a fresh team to Snoul. Commission warmly welcomed at both places by leading dignitaries who have done their best to make teams comfortable and have cooperated with them fully.

5. In view of recent increase of Polish pressure at all levels and particularly in Military Advisers Committee, and of consequent need to revise our estimate of the possibility of reducing both duration and size of Commission I should like to request retention of General Snow's services. Indian Generals departure appears now to have been indefinitely postponed. I have written at some length on these problems in despatch 46 of November 22† but this will not reach you before a decision has been taken on General Snow's employment here.

788.

DEA/50052-C-40

Le commissaire de la Commission internationale de surveillance pour le Cambodge au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Cambodia, to Secretary of State for External Affairs

TELEGRAM 34

Phnom Penh, December 2, 1954

CONFIDENTIAL

Reference: Our telegram number 28 of 26 November.
Repeat Hanoi, Vientiane.

PROGRESS REPORT

1. Owing to change of plane schedule this report covers period 27 November to 2 December only. Commission met on 27 November and commissioners have had several informal meetings. Prime Minister's illness has somewhat delayed our work since we are all agreed that Foreign Minister is not effective except with Penn Nouth's backing.

2. At meeting on 27 November commission considered 2 letters from the government calling our attention to the discovery of small caches of arms and ammunition alleged to have been hidden by the Viet Minh and their resistance forces against their return. Unfortunately the government, as so often happens with their correspondence, did not give clear and adequate information. Nevertheless, it was agreed to instruct our fixed teams in the areas concerned to contact local authorities and obtain details of the official reports as to how the discoveries were made and whether there were any documents which could be transferred to the commission. Consideration was also given to the problem of the 70 Viet Namese born in Cambodia still held in Suong and the 30 held in Kompong Chhnang. We are still awaiting the government's decision which has been delayed by Prime Minister's illness. A list of outstanding matters, compiled by the alternate delegate for India, was handed to the commissioners who agreed that the chairman should take them up with the Foreign Minister. This the chairman did later in the week but without much success. Tep Phan promised to do his best but this, as experience has taught us, is none too good. The meeting approved a letter to the government calling attention to disturbing reports of arrests of ex-Khmer resistance people and asking for full information on what the government had done and planned to do to implement article 6.

3. Informal meetings were not very fruitful this week. Polish Commissioner thought commission should seek more publicity. He also said he was about to produce for us a suggested plan of future work. My attempts to get an agreed policy on public information led nowhere. Chairman has been much occupied with work as Secretary-General Grosz very worried about situation in Europe to which he kept switching the discussion..

4. King is making tour of provinces and is today at Kep Whither, Malcolm MacDonald has gone to see him. I have telegraphed you separately on likely next moves in the election question (telegram 32 of 1 December).†

5. The liaison team visited the fixed team at Kampot and the mobile team at Kompong Chhnang and Battambang during the period under review. The mobile team at Battambang flew into Pailin, a town near the Thailand border, which has been cut off from the rest of the province since early 1954.

6. *Military Adviser's Committee.* At military Adviser's Committee meeting on 2 December General Sarda Nand Singh raised point that Polish Commissioner had again accused him falsely of issuing instructions without approval of Canadian and Polish members. He pointed out that at time of previous false accusation Colonel Babicz undertook to ask Polish Commissioner to apologize to Chairman stating matter was a misunderstanding but no such apology had been received. Babicz denied he gave any such undertaking. General Singh appealed to Canadian members who were able to state unequivocally that Babicz had indeed given the undertaking. Babicz then stated he would speak to Polish Commissioner again about the matter. Meeting proceeded but more than an hour was spent by Polish member on wording of 3 questions to be asked of 1 of the teams. Finally he recommended 1 question which in fact incorporated all 3 questions.

DEA/50052-C-40

789.

Le commissaire de la Commission internationale de surveillance pour le Cambodge au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Cambodia, to Secretary of State for External Affairs

TELEGRAM 38 Phnom Penh, December 9, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Our telegram No. 34 of 2 December.
Repeat Hanoi, Vientiane.

PROGRESS REPORT FOR WEEK 3-9 DECEMBER

1. This week has been relatively uneventful. Polish Commissioner was busy with visiting financial inspector and chairman with interim report on the Commission's work to India and with matters concerning India's recognition of Cambodia which I am told will be announced on December 13. One formal and several informal meetings were held.

2. Commissioners and alternates spent weekend in Battambang. I have reported separately on this visit (my despatch No. 65 of 7 December)† and sent you the press release describing it.

3. Malcolm MacDonald had long talks with King on 2 December. He told me he thought King deserved all support he could get from free nations. King and govern-

ment expressed to MacDonald concern over numbers of Vietnamese allegedly still at large in Cambodia. In a press interview on 7 December MacDonald promised Great Britain would do all in its power to protect Cambodia's freedom which was essential for the free world.

4. At meeting on 3 December Chairman reported sending to Foreign Minister a fuller statement on outstanding cases before the Commission. (Paragraph 2 of telegram No. 34 refers). Minister undertook to arrange meeting at which Commission would go into these matters with Minister of National Security. Commission considered letter from government alleging some 4000 Vietnamese and Khmer resistance forces were still at large. We decided to order an investigation and at same time to point out to the government the circumstances which, in our view, were hindering the solution on the reintegration problem. I am puzzled by the slowness with which government tackles this mopping up process. They must know that we have no powers of enforcement and cannot expect our teams to act as armed patrols. It may be that they are passing these reports which are increasing in number on to the Commission in order to be able to document a case against the Vietminh for later use. In reply to another letter concerning a band of Khmer resistants in Battambang alleged to be carrying out propaganda in favour of Son Ngoc Minh and advocating division of Cambodia in way similar to division of Vietnam we agreed to tell the government that:

(a) Since the Khmer resistance forces had been officially disbanded by 22 August in terms of Article 5, the government had in our view the right to take such action against any law-breakers as the laws of the land permitted;

(b) The Commission could not object to political propaganda as long as it was confined to the realm of politics; and

(c) We had ordered our teams to investigate and report.

5. Commission also wrote Foreign Minister on general theme of reintegration. Following quotation gives essentials of our approach:

> We quite realize that the existence of groups in Cambodia not yet reintegrated into the national community may well create serious problems of internal security. It is for that reason that the question of reintegration is perhaps the most pressing one now before the Commission. Like most questions it will not be solved without goodwill and goodwill is difficult to obtain where apprehension and fear may still remain as a legacy of the war so recently terminated. The Commission looks forward to discussing at an early opportunity with Your Excellency and other members of the Cabinet ways and means of encouraging former resistants to present themselves for reintegration into the national community.

6. *Military Advisers Committee.* At meeting on 9 December pattern of intransigence by Polish member, which has been developing lately, was emphasized. Meeting lasted 3 hours, over an hour of which was taken up with wording of draft instruction to one of the teams. In an attempt to make some headway General Singh suggested that one of the previous recommendations of Babicz be adopted but latter would not agree. Finally for no obvious reason Babicz agreed to original draft. He then raised question of accusations against General Singh by Polish commissioner

stating that latter denies making any such accusations to the chairman. These accusations had been admitted on a previous occasion. In face of this bewildering contradiction General Singh has decided to drop the whole matter. This is admittedly an unhappy state of affairs but is certainly not calculated to bring the Indians closer to the Poles. Singh is one of India's youngest and most promising Generals.

7. Commissioners agreed privately to set up a political committee and this move will be given official approval at meeting on 10 December.

8. We have decided to send a report on Commission's activities to the co-chairmen of the Geneva Conference. By previous private arrangement with the Chairman I undertook this task when he suggested it at an informal meeting of the 3 Commissioners this week.

790. DEA/50052-C-40

Le chef de la Direction de l'Extrême-Orient à la Direction juridique

Head, Far Eastern Division, to Legal Division

CONFIDENTIAL [Ottawa], December 16, 1954

ELECTIONS IN CAMBODIA

During the course of the last few months there have been marked differences of opinion on the role, if any, that the International Supervisory Commission in Cambodia should play in the forthcoming general elections to be held in that country sometime in 1955. The Polish Commissioner is convinced that the Commission has a definite responsibility in this matter and to some extent at least his Indian colleague (the chairman) agrees with him. On the other hand, the Cambodian Government apparently holds the view strongly that general elections are of no concern to the Commission and that there is nothing in the Cease Fire Agreement which gives the Commission the right to intervene. The United States Government apparently shares the Cambodian view, and we understand that the United Kingdom to some extent also does. Our Commissioner has asked us for advice.

2. I should be grateful for your legal opinion on the following question: "To what extent, if any, should the International Commission concern itself with the 1955 general elections in Cambodia?"

3. There have already been a number of communications from our Commissioner in Phnom Penh on this subject and also one despatch from Hanoi. Copies of these are attached for your information.

4. The following Articles of the Agreement on the Cessation of Hostilities in Cambodia appear to be relevant to this question: Article 6, Article 11, and Article 13. In addition, there is the Unilateral Declaration of the Royal Government of Cambodia (which is embodied in Article 6) and Paragraph 3 of the Final Declaration of the Geneva Conference which was signed, *inter alia*, by the representative of Cambodia.

5. Our own preliminary view corresponds more or less to that expressed in Hanoi's Despatch No. 101 of October 13† (copy attached). In so far as the Agreement itself is concerned, the Commission is responsible for the control and supervision of the application of the provisions of the Agreement (Article 11). In the same vein (Article 13), the Commission "shall be responsible for supervising the execution by the parties of the provisions of the present Agreement. For this purpose it shall fulfil the functions of control, observation, inspection and investigation connected with the implementation of the provisions of the Agreement . . .". One of the provisions of the Agreement states (Article 6) that the situation of "these nationals" shall be decided in the light of the Declaration made by Cambodia at the Geneva Conference. The Declaration is then reproduced in full in Article 6. It reads, *inter alia*, that the Government of Cambodia declares itself resolved to guarantee "them" the enjoyment of the rights and freedoms for which the Constitution of the Kingdom provides. Further, the Government of Cambodia affirms that all Cambodian citizens may freely participate as electors or candidates in general elections by secret ballot, and that no reprisals shall be taken against "the said nationals".

6. It would appear that the Commissions' responsibility from a strictly legal point of view in so far as Article 6 is concerned is limited to "these nationals", their integration into the national community and their right to freely participate in general elections. At first sight "these nationals" could be interpreted as meaning the Khmer Resistance Forces and the troops of the Royal Khmer Army because Article 6 follows Article 5 (the first Article of Chapter III of the Agreement) and the only nationals mentioned in Article 5 are those quoted above. However, Article 6, after including the Cambodian Government's Declaration, then goes on to say that no reprisals shall be taken against "the said nationals". This would imply that "these nationals" referred to in Article 6 must mean only the Khmer Resistance Forces.

7. In summary, therefore, it would appear that legally the Commission has the right and responsibility to observe the general elections only in so far as they concern ex-members of the Khmer Resistance Forces and their families, and in this connection if the Cambodian Government is not fulfilling its obligations as set forth in Article 6, to take such further action as it deems necessary.

8. There do not appear to be any further Articles in the Agreement itself having a bearing on this question. However, Paragraph III of the Final Declaration of the Geneva Conference states, *inter alia*, that the Conference takes note of the Declaration made by the Government of Cambodia and its intention to adopt measures permitting all citizens to take their place in the national community and in particular by participating in the next general elections which, in conformity with the country's Constitution, will take place in 1955. The legal status of this Final Declaration in so far as it is of concern to the International Supervisory Commission is not clear, and I would appreciate your views on this to be incorporated in your reply to this memorandum. At first sight it would seem that the Final Declaration is of no particular concern to the Commission from the legal point of view but it is of course binding on all its signatories in so far as it contains matters of substance not already covered by the Agreements themselves.

9. I might add as a footnote to this memorandum that the International Commission in Cambodia appears to have come to some tentative agreement on this subject at the end of November which is phrased in the following manner:

"In discussions with the government special stress must be laid on the fact that the International Commission cannot remain indifferent to the parliamentary elections in Cambodia. In terms of Article 6 of the agreement, the declaration of the Royal Government at Geneva on the subject of elections and point 3 of the 9 powers declaration, the International Commission has a responsibility to make sure that all citizens participate in the coming elections in conditions of respect for democratic freedoms as guaranteed by the constitution of Cambodia. The International Commission does not contemplate supervising the elections which it agrees are to be held according to the laws and regulations of the country. Its sole concern is to assist the government in fulfilling the obligations which it undertook at Geneva."

A.R. MENZIES

DEA/50052-C-40

791.

Le commissaire de la Commission internationale de surveillance pour le Cambodge au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Cambodia, to Secretary of State for External Affairs

TELEGRAM 42

Phnom Penh, December 16, 1954

CONFIDENTIAL

Reference: Our telegram No. 38 of 9 December.
Repeat Hanoi, Vientiane, New Delhi.

PROGRESS REPORT FOR WEEK 10-16 DECEMBER

1. Commission has still not been able to get firm date from government for meeting to discuss outstanding problems. On 11 December, Chairman saw Foreign Minister and left with him a note verbale stating that the aims of the proposed meeting would be:

(a) To acquaint government with the Commission's views on implementation of provisions of agreement not yet fully carried out.

(b) To hear government's exposé of its policy concerning these provisions.

(c) To discuss frankly and freely any points of difference between government and Commission. Minister promised action but left on 15 December with King (who had returned from France on 14 December) for week's visit to Bangkok. This apparent reluctance or inability to meet us may be due to Cambodian lethargy, but unfortunately strengthens Polish recorded view that government is deliberately obstructive. Interview was quite cordial and Minister assured Chairman govern-

ment was most anxious for good relations with Commission. I hope government is not protesting too much.

2. Two formal and several informal meetings held during week. At formal meeting, on 10 December, Commission considered recommendations of the co-ordination conference of the 3 secretariats-general (held at Hanoi in November). A paper is being prepared on the question of immunities and privileges for Commission personnel here. It was agreed that the report to the co-chairman of the Geneva Conference would be signed by all 3 Commissioners and the advice of the co-chairmen requested as to whether some parts could be made public. A proposal to set up a political advisers' committee was accepted and the Committee will shortly be functioning. Several petitions were considered and it became clear that Grosz and I were in fundamental disagreement on proper approach to these. Grosz takes position that any person condemned for political offences "since the beginning of hostilities in Cambodia" must *ipso-facto* benefit from the government's October 1954 amnesty. In my opinion this point of view involves Commission in raking up mixed (politic-criminal) cases long ago settled by French or Cambodian courts and comes close to unjustifiable interference in Cambodia's internal affairs. No decisions were taken since the chairman decided it was more tactful to withdraw the item for further consideration at an informal meeting. We also discussed letters from the Foreign Minister alleging hostile acts in various parts of Cambodia by the Hoa-Hao group, by former Khmer resistance forces and by Vietnamese troops who were allegedly not evacuated in October. Grosz went on record as saying that government was making these allegations for "its own or somebody else's use as political material against the International Commission". I went on record by saying that I was not convinced that this was necessarily so and that the government had every right to appeal to the Commission. Meeting also took up the question of sanctioning expenditure for the accommodation of Poles in a hotel, the Cambodian Government having allegedly refused to pay the bill for a group of the latest arrivals. I proposed that we should have this refusal in writing from the government and took the opportunity of asking my colleagues whether they contemplated further increases in personnel. Both said there would be no increase. The atmosphere at this meeting and at the following meeting was more strained than at any other meeting in the past. Informal meetings have however, not reflected this strain. It may be that Grosz by himself does not feel same constraint as seems to affect him at meetings when his praetorian guards surround him. At formal meetings lately he has read from a prepared brief. Babicz may be the gray eminence.

3. At formal meeting on December 14, there was further prolonged and fruitless discussions on the petitions referred to in preceding paragraph. I am glad to report that Hollies is visiting us, backs me on legal grounds in the stand I took. The problem of reintegration came up. As result of disagreement in military committee, military advisers had requested Commission to decide whether teams should (a) search out all the 600 of ex-Khmer resistants to see whether they had been satisfactorily reintegrated or (b) limit their investigations to cases which come to their attention or are brought up by military advisers. I supported (b) on grounds that teams would be unable to do a thorough job in such a widely scattered population and with so primitive a system of names and records and also because we should not risk preju-

dicing our projected talks with government on this matter by instituting a large-scale investigation which implied mistrust of them. Grosz stood out for (a). Chairman was in agreement with Canadian view but endeavoured to find a compromise. At one moment Grosz implied dissatisfaction with teams, but when taxed with this by me said he did not wish to pursue subject which was therefore postponed. In the next case it appeared that government might be guilty of miscarriage of justice and Commission agreed to take up case with Minister of Justice.

4. Military advisers met on 11 December and sent out special instructions ordering investigations by teams at Battambang, Kampot and Kompong Cham, all concerning reintegration. General instruction to all teams directed liaison team to have joint meeting with each team it visited. Hitherto the liaison team has on arrival at a team site broken up into national components, each one of whom then held a separate meeting with his compatriots. Activities of teams increasing. They all receive petitions daily on behalf of persons alleged to be wrongfully detained by government. Investigation of these petitions is in addition to investigations ordered by Commission.

5. Mr. U Nu arrives today and Commissioners meet him for dinner at Prime Minister's invitation.

DEA/50052-C-40

792.

Le commissaire de la Commission internationale de surveillance pour le Cambodge au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Cambodia, to Secretary of State for External Affairs

TELEGRAM 47 Phnom Penh, December 23, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Our telegram No. 42 of 16 December.
Repeat Hanoi, Vientiane, New Delhi.

PROGRESS REPORT FOR WEEK 17 TO 23 DECEMBER

1. Formal meetings, informal meetings and Military Committee meetings have this week been unsatisfactory and even unpleasant. The one qualified success of the week was the two and one-half hours meeting of Commissioners with Prime Minister and Foreign Minister.

2. The Commission had one formal meeting on December 17 at which Grosz and I maintained positions I sketched for you in paragraph 1 of my telegram under reference. Chairman reported that French Chargé d'Affaires appointed a liaison officer to the International Commission. It was decided to acquaint Cambodian Government with this appointment before we accepted it. Meeting also considered a letter from the Foreign Minister emphasizing French responsibility for the maintenance of law and order in parts of Vietnam where there have been unlawful Hoa-

Hao activities. We agreed to pass letter on the Hanoi Commission with covering note saying we supported the government's case. Some time was spent on the reports of the discovery of arms dumps at various places. Consideration of this item was finally deferred ostensibly to await further information from our teams in the districts concerned but actually because Grosz and I were in fundamental disagreement. Grosz assumes and asserts that government is making much ado about nothing. I maintain that they have a legitimate concern which Commission should take seriously. We also dealt with applications of former officers of Royal Army asking us to intervene so that they might be re-employed in the army. Since these cases fall under Article 6, I agreed to the sending of a mild letter to the government. In fact the penultimate paragraph of Article 6 covering application for service in the army is so loosely worded that it provides the government with several loop-holes.

3. On December 21, after we had returned from welcoming the King back after his visit to Bangkok, Commissioners held an informal meeting during which we attempted to iron out some of the differences which had arisen at the two previous formal meetings. The attempt was not completely successful. To make matters worse, Grosz produced four examples of alleged failure of Indian and Canadian members of various teams to carry out tasks which Grosz considers should have been undertaken. Chairman took a very serious view of these allegations, saying that both he and I could produce similar accusations if we wished to descend to that level and adding that he would have Grosz's "evidence" thoroughly examined. If the accusations proved groundless he would expect Grosz to make a retraction to be recorded in the minutes. I took little part in the battle following my usual line that when the Chairman and Grosz are at odds I should not interfere with Chairman's political education once I have signified agreement with him.

4. Commissioners had second informal meeting on December 22 during which reasonable harmony was restored, largely as a result of Parthasarathi's and my collaboration beforehand. Latter had made it clear to Grosz that if he insisted on (group corrupt) government on every occasion he would have to reckon with my defence of government. Rest of meeting was devoted to a preparation of our interview with Prime Minister and Foreign Minister which took place this morning, lasted for two and one-half hours and I hope, marked a turning point in our relations with government. Prime Minister expressed delight at opportunity for frank exchange of views and agreed to a meeting at the same time and place next week. He gave an admirable performance so that the meeting was quite exhilarating.

5. Chairman began by referring to matters which needed decision and had been pending too long, saying that Commission was about to report to the Co-Chairmen of Geneva Conference and wished to be able to say that progress although delayed, was continuing. Our main item was reintegration Article 6. Penn Nouth considered that by and large the problem was near solution. Those Ex-Khmer resistants who had not rallied were those who preferred to complain to the International Commission because they did not want to recognize the legal authority of the country. Government had no objection to (group corrupt) creating a party if they accepted the monarchy and the constitution. He agreed that there would be no illegal detention but insisted that propaganda must not be anti-monarchical and carried out within

framework of the electoral law and the constitution. Until electoral campaign begins government will not open election hearing and public meetings.

6. Commission endeavoured to persuade Prime Minister to make the October amnesty a general amnesty but failed to convince Penn Nouth. My support of my colleagues on this matter was lukewarm as I think government have pretty good case and we ought not interfere further in this internal matter.

7. Prime Minister promised to reissue official instructions to provincial authorities to provide our teams with information which they need in their work. Our request for this arose because in one or two instances recently provincial governors have refused to give our teams information without prior consent of government in Phnom Penh.

8. At the close of the meeting Penn Nouth drew our attention to serious violations of Cambodian frontier by South Vietnamese troops, particularly in region of Svay Rieng and Prey Veng. We agreed to consider this matter with him at next meeting. Final point raised was French High Commission's decision to appoint a liaison officer to the Commission. On this Penn Nouth was brief and pointed he was against it and most appreciative of our having consulted government before acting. He made it quite clear that if we had any dealings with the French High Commission these must on no account concern Cambodian affairs over which France had no say whatsoever. You will find this point of particular political interest.

9. *Political Advisers Committee.* In last week's report I mentioned proposal to set up this committee. It has now had two meetings mostly concerned with matters of organization. I shall report in more detail on its work after I have had better opportunity of assessing it.

10. *Military Advisers Committee.* The meetings of this committee in the period under review have been unsatisfactory. Polish member spent long time requesting changes in minutes of previous meetings. His quarrel with Indian member continues. At the 25th meeting Babicz again raised question of putting a team in Snoul. Indian member pointed out that Kratie team had unanimously reported no need for a team at Snoul and no accommodation there. Babicz replied that Polish members had now changed their minds. He declined to produce a paper on the matter but agreed to take up with Grosz. At 26th meeting held December 23 Indian general stated Grosz had again accused him of issuing an instruction without concurrence of Babicz. Singh reviewed the whole case which I have previously mentioned in these reports. Babicz then stated for the first time in this long drawn-out battle that he had never seen the instructions. Canadian member stated that said instruction was approved at a meeting at which both he and Babicz were present. There the matter rests unquietly.

11. Desrosiers arrived Saturday 18 December and is learning the ropes from Murray. On same day I had long interview with Richard Harris *Times* correspondent in Indo-China.

12. This report goes by DWS. I would appreciate information on its time of arrival and whether you would prefer me to continue using DWS or trying Indian signals once again.

13. Season's greetings from all of us to all of you and thanks for your support.

SECTION E

COMMISSION INTERNATIONALE DE SURVEILLANCE ET DE CONTRÔLE AU LAOS
INTERNATIONAL COMMISSION FOR SUPERVISION AND CONTROL FOR LAOS

793.

DEA/50052-B-40

Le commissaire de la Commission internationale de surveillance pour le Laos au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Laos, to Secretary of State for External Affairs

TELEGRAM 83

Vientiane, October 4, 1954

CONFIDENTIAL

WEEKLY PROGRESS REPORT NO. 1 SEPTEMBER 28[35]

For the first time the Joint Commission came to Vientiane for High Commissioner's meetings with International Commission. These meetings will continue until tonight. Last week both parties reported on liberation prisoners of war and civilian internees, the regroupment and transfer forces and clearance and the special convention called for in article 4(b).[36] This week the International Commission will hear both parties on the situation in Sam Neua and Phong Saly and Franco Laotian complaints of forced recruiting by PVV/PL since the cease fire.

2. The most important progress among Commissions has been agreements reached on September 27th regarding liberation and exchange of prisoners of war and civilian internees before October 10th. Discrepancies about precise numbers remain to be sorted out but both sides are co-operating and we anticipate no serious difficulty.

3. The PVV/PL continue to insist that special convention with regards to Vietnamese volunteers settled in Laos before hostilities is beyond competence Commissions and just re-established by two interested governments. The French insist if a convention is not signed by November 21st, the Royal Laotian Government will pass legislation based on a French delegation draft by which all, repeat all, Vietnamese who fought against Royal Government would be forced to leave Laos or for those wishing to remain be assembled in the province of Sam Neua and

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[35] Les directives à l'intention du commissaire au Laos n'ont pas été retrouvées. À l'instar de son collègue au Cambodge, ce dernier a probablement reçu une copie du document 39 à titre de guide général.

Instructions for the Commissioner in Laos were not located. Like his colleague in Cambodia, he was presumably provided with a copy of Document 39 for his general guidance.

[36] Pour l'accord du cessez-le-feu, voir France, Ministère des Affaires étrangères, *Conférence de Genève sur l'Indochine (8 mai-21 juillet 1954)*, Paris, Imprimerie nationale, 1955, pp. 443-452.
For the ceasefire agreement, see United Kingdom, Parliamentary Papers, Cmd. 9239, *Further Documents relating to the discussion of Indo-China at the Geneva Conference June 16-July 21, 1954*, London, Her Majesty's Stationary Office, 1954, pp. 18-26.

apply for residence there. Verification and scrutiny of applicants would be carried out under supervision and control of International Commission.

4. International Commission has complained strongly to PVV/PL that information from them on date and route of withdrawal and number and identity of units continue to be either inadequate or notified insufficiently in advance to permit proper supervision. The Government has indicated to the International Commission its increasing concern that forcibly recruited Laotians are being secretly withdrawn along with PVV/PL forces on the jungle route.

5. On the other hand, International Commissions' willingness to investigate such reports has been handicapped by inadequate air transport and slipshod timings by French military authorities. A mobile team sent out on September 28th to investigate a specific complaint — two battalions of forced recruits were being withdrawn, returned on October 2nd having failed their mission largely because of inadequately laid on helicopters. Without helicopters our teams are practically useless. Commission has renewed its demand to French and New Delhi representative being supplied information our minimum requirements are 4 helicopters, 2 or 3 light aircraft and 1 Dakota. 5th and 6th exclusive use International Commission.

DEA/50052-B-40

794.

Le commissaire de la Commission internationale de surveillance pour le Laos au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Laos, to Secretary of State for External Affairs

TELEGRAM 89 Vientiane, October 11, 1954

CONFIDENTIAL

WEEKLY PROGRESS REPORT NO. 2

Forced Recruitment

1. At meetings of the Joint Commission with the International Commission on October 4th and 5th Franco-Laotian delegation maintained that recruitment carried out by PVV/PL, in most cases under duress, was contrary to Articles (14) and (15) of Geneva Agreement and to agreement signed by Joint Commission on 29 August, which states that parties must not make use of transfers to reinforce their numbers and that there should be no compulsory transfers of population.

2. PVV/PL claimed that this apparent recruitment was only regrouping in provisional assembly areas of units which had been spread throughout the countryside.

3. Conclusive evidence of forced recruitment will be difficult to obtain. Poles agree in commission that forced recruitment would be violation of Geneva Agreement but at operational level are obstructing efforts of teams to carry investigations of transfers possibly involving force recruits.

Phong Saly — Sam Neua

4. No progress on this subject made at combined meetings. Both parties are to submit comprehensive aides-mémoire by 12 October. In response to a brief from Royal Government, Commission has asked Prime Minister to refrain from any action which might complicate a difficult situation pending further consideration.

5. Despite difficult weather conditions Phong Saly reconnaissance was completed this week and we are awaiting confirmation that fixed teams are now established in both Phong Saly and Sop Hao (Sam Neua).

Teams

6. More Polish personnel have arrived and mobile teams have now been based at Luang, Prabang and Savannakhet for reasons of accommodation and facilities for movement. A team will for first time supervise exchange of POWS at Hua Muong (Province of Sam Neua) on 11 October. On the spot inquiries may forestall possible future charges of ill-treatment.

7. Because of restrictive interpretation of functions and responsibilities by Polish team members, it has become necessary and Commission has agreed, to set up a committee of alternates to draft broader instructions for fixed teams.

Secretariat

8. Temporary assignment of Canadian (Maranda) and Polish Deputy Secretaries and arrival of 1 interpreter from Geneva should help Secretariat keep up with day to day work. It will be more difficult to cope with the back-log. Commission has approved provisional distribution of work amongst Deputy Secretaries General. For India administration meetings and general. For Canada (operations I) liaison with joint commission subjects under Article 4 (except sub-para B) subjects under Chapter III Article 18 of Chapter (V) and Article 26 of Chapter VI. For Poland (operations II) charge of public relations (this is nominal as Indian PRO will report direct to chairman) work relating to sub-para (b) Article 4, Articles 6 to 10 inclusive and Article 16 and complaints. Chairman and ourselves had difficulty in over-riding Polish insistence that their deputy be responsible for work under Article 14 re Phong Saly and Sam Neua.

General

9. Political activity by both parties is increasing. At the same time they are both stalling on proposing solutions to major problems and we expect little change until the present crisis in Royal Government is resolved. The National Assembly has been convened for an extraordinary session on 15 October. If a conciliatory government is formed, we can be hopeful for some progress otherwise more serious difficulties will no doubt arise.

795.

Le commissaire de la Commission internationale de surveillance pour le Laos au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Laos, to Secretary of State for External Affairs

TELEGRAM 104

Vientiane, October 18, 1954

CONFIDENTIAL

Reference: Our telegram No. 89 of October 11.
Repeat New Delhi.

LAOS COMMISSION WEEKLY REPORT NO. 3

1. *Teams.* Team is in operation at Phong Saly but wireless communication not established with Sam Neua team which supervised prisoner of war handover at Hua Muong en route and when last heard of on 15 October was still stranded there by weather.

2. Special mobile team left 16 October to areas north of Vientiane city to investigate simultaneously (group corrupt) complaints regarding forced recruitment and PVV/PL charges of intimidation and pressure on population.

3. Disagreement in Committee over broader and more satisfactory instructions for teams caused by last minute refusal of Polish member (after he had previously accepted draft) to accept principle that when two members of a team decide to undertake an enquiry the third should participate although dissenting member might refer to International Commission but without delaying the enquiry. This important point was resolved by Commission with a satisfactory compromise wording as a result of our firm stand vigorously supported by the Chairman.

4. It has been agreed that this committee of senior political advisors should also be given responsibility for proposing action on complaints or as a result of reports from teams. This should help to ensure prompt action being taken and expedite the work of the Commission itself.

5. *Phong Saly and Sam Neua.* In their efforts to defend restrictive attitude to activities of teams and in particular their opposition to investigation by Phong Saly and Sam Neua teams of location and disposition of P.L. forces in these two provinces Poles have now for the first time stated clearly in Commission that they will insist on interpreting Geneva Agreement to give complete military and civil control these two provinces to Pathet Lao and will deny authority of Royal Government. Thus the most important issue before the Commission has been joined.

6. *Political.* Assembly has been convened and it is anticipated that a government of national unity will be formed within 10 days or a fortnight. We understand from good authority that present Prime Minister is continuing his negotiations with the Pathet Lao and that two posts will be kept in new government for them with a view to their participation.

7. It has been reported in Saigon press and confirmed privately to us by official sources that more than 20 arrests of 'ultra-nationalists' (mostly army but including a former President of the National Assembly) have been made in connection with murder of late Minister of National Defence.

8. *General.* Nehru's crowded three hour visit on October 17 although not of immediate practical help to the Commission was useful indication of India's interest in Laos. He had nothing concrete or specific to say either to the Government or to the Commission. The Commission also met briefly on 13 October, M. Guy Le Chambre, French Minister for the Associated States, for a general discussion of our difficulties.

796.

DEA/50052-B-40

Le commissaire de la Commission internationale de surveillance pour le Laos au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Laos, to Secretary of State for External Affairs

TELEGRAM 122

Vientiane, October 25, 1954

CONFIDENTIAL

Reference: Our telegram No. 104 of October 18.
Repeat New Delhi.

LAOS COMMISSION WEEKLY REPORT NO. 4

Phong Saly and Sam Neua

During the past week the International Commission both at commission level and in committee has been concerned almost entirely with the situation in the 2 northern provinces.

2. The discussion arose out of series of questions for guidance our fixed teams in 2 provinces proposed by Canadian delegation. My purpose was to check and destroy PVV/PL claim that the Pathet Lao exercise *de facto* military and administrative control over the full territory of 2 provinces except for small Laotian National Army units legally parachuted by French after cease fire. The Polish delegate wanted to investigate only such NLA units as were involved in PL accusations of violation of agreement. At threat of vote he yielded to compromise and I agreed that such units should be dealt with as a matter of priority. The Pole also refused to agree to enquire about location and strength etc. of PL forces. I argued the necessity for this full enquiry under Article 19. At the same time the Poles refused to agree that PVV/PL delegation on Joint Commission be asked to send sub-groups to Phong Saly and Sam Neua to assist our teams in investigation. The compromise to avoid a vote was agreement to leave out enquiries about Pathet Lao units for time being in return for demand on Joint Commission to send sub-groups. My decision based on judgement that question of location and strength of the units is most

urgent. It is probably wise to initiate the action of our teams on this question, especially as we are short of helicopters.

3. I shall raise more substantive issues concerning Phong Saly and Sam Neua this week by proposing procedures whereby Laotian Government can gradually assume civil administration there. In this I will have support of Indian delegation although chairman will do his best to avoid any open division in the commission.

4. *Political.* Katay Sasorith, former Minister of Finance, has been asked to attempt to form a government.

DEA/50052-B-40

797.

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

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

CONFIDENTIAL [Ottawa], November 2, 1954

POLICY OF THE CANADIAN COMMISSIONER IN LAOS

You spoke to me the other day about the Minister's concern as to whether the policy of seeking compromise agreements with other members of the Supervisory Commissions might not be going too far. Although I expressed to you my own impression that the Commissioner in Vientiane had been playing his compromises skilfully, I said, I would discuss with the Far Eastern Division a possible telegram to one or all the Commissioners indicating some concern on the subject.

I have discussed the matter with Mr. Menzies and find that he shares my opinion. We are both somewhat worried about a telegram which might be interpreted at this early stage and in the absence of other guidance from us as a signal to get tougher than our position warrants. We agree certainly that the Commissioners should all be very careful not to surrender for bargaining purposes any major principles or sacrifice the interests of our friends. On the other hand, we see no alternative at the moment to seeking our ends by striking hard bargains. The fact is that we have very little to bargain with in Laos. Whereas in Vietnam the Communists have a considerable interest in retaining the Commission in operation and seeing that the terms of the Armistice are carried out, in Laos, it is they who would gain from a breakdown of the Commission. If we are to force issues before we have to, the Pole might not be too reluctant to have the Commission break down in stalemate, for the Communists would then be left to consolidate their position in Phong Saly and Sam Neua without interference. We shall probably have to clash with them some time, but if this clash could be postponed at least until after we can get the Commission in operation in these two northern districts, something may be saved. At the present time, the Indian Chairman is supporting Mr. Mayrand but anxious to avoid any open division in the Commission. So long as such a favourable balance can be maintained in the Commission by judicious compromise, Mr. Menzies and I think we should be hesitant to discourage the Commissioner. We realize of course that we may well get into trouble with our Allies and even with

Canadian public opinion if we don't take rigid positions and indulge in a little table banging. We still think however, that it is better to endeavour for the present to outwit the enemy rather than to play his game by breaking up the Commission.

J.W. H[OLMES]

798.

DEA/50052-B-40

Le secrétaire d'État aux Affaires extérieures au commissaire de la Commission internationale de surveillance pour le Laos

Secretary of State for External Affairs to Commissioner, International Supervisory Commission for Laos

TELEGRAM 16

Ottawa, November 4, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Your telegram No. 122 of October 25.
Repeat New Delhi No. 463.

PHONG SALY AND SAM NEUA

You are doubtless aware that the United King authorities are much concerned — as we are too — about the situation in the two northeastern provinces and particularly about the refusal of the PVV/PL backed by the Poles to permit the establishment of the civil authority of the Royal Laotian Government in these provinces. They are somewhat disturbed by the reluctance of the Indian Commissioner to take a definitive stand on this matter and are proposing to take the matter up with Nehru on his return to New Delhi on November 5. We understand that the United Kingdom Minister in Vientiane has suggested to you that you might defer forcing the issue to a vote until their representations to the Indian Government have taken effect.

2. We would be grateful for your comments as to whether these United Kingdom representations to the Indians taken on their own initiative are helpful or not. We would not wish United Kingdom pressure on the Indians to complicate your own relations with the Indian Chairman on the Laos Commission, or to jeopardize the support he has so far given you in seeing that the Commission fully discharges its responsibilities.

3. We assume that the compromises you have reported in your telegram under reference have been made in the interests of carrying the Indian chairman along with you at each step and of deferring for the moment pressure for Commission decisions which are temporarily beyond the capacity of the inspection teams to carry out owing to practical difficulties of transport and communications.

4. We would like to know whether you are hopeful that continued pressure by you with Indian support will induce the Poles to back down from their insistence on interpreting the Laos Agreement as giving complete military and civil control of the northeastern provinces to the Pathet Lao, or whether you think a showdown on

this point is inevitable. If the latter is more likely, the question will presumably be mainly one of determining when the Indians may be prepared to face up to the first split vote on any of the three Commissions. Such a split vote might, of course, involve a refusal by the Pathet Lao to accept the recommendations of the Commission and a reference to the Geneva Conference powers. In view of these serious implications the effect of United Kingdom representations to the Indians will be important.

L.B. PEARSON

DEA/50052-B-40

799.

Le commissaire de la Commission internationale de surveillance pour le Laos au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Laos, to Secretary of State for External Affairs

Vientiane, November 8, 1954

TELEGRAM 172

CONFIDENTIAL

Repeat New Delhi.

NORTHERN PROVINCES OF PHONG SALY AND SAM NEUA

In my opinion Franco-Laotian delegation on Joint Commission made first mistake in not pressing from the start for establishment of Pathet/Lao zones under Article 12 in these two provinces and International Commission also made mistake in not insisting that the two parties should carry out that provision. As a result People's Vietnamese Volunteers/Pathet Lao claim to occupation of the entire two provinces under Article 14, without regard for Article 12, has gained appearance of right and is more difficult to combat now.

2. My personal view is that Article 12 should have been implemented in conjunction with Article 14 and that provisional assembly areas in Phong Saly and Sam Neua should have been delimited large enough to provide for all the Pathet/Lao fighting units to be moved there under Article 14. Royal Laotian administration could then have returned to areas not occupied by Pathet/Lao.

3. Indian chairman starts from idea that Geneva Agreement is not clear as regards Articles 12 and 14 and is willing to press for division of territory only under Article 19 if and when it has been established that national Laotian Army forces were actually in control of part of the territory of the two provinces when cease-fire came into effect.

4. Our delegation has forced enquiry into presence of National Laotian Army forces in the two provinces and a few days ago we ascertained that such enquiry will be pursued as a matter of priority by International Commission teams thereby overcoming deliberate Polish dilatory methods. Furthermore, during session with Joint Commission last week, I asked a series of questions aimed at establishing

illegality of People's Vietnamese Volunteers/Pathet Lao stand under Geneva Agreement in the light of general rules of treaty interpretation.

5. People's Vietnamese Volunteers/Pathet Lao delegation declined to answer my questions on the ground that recent statement by Prince Souphannom Vong has cleared the way for settlement. This statement, which says that "the Pathet/Lao forces recognize the Royal Government and in principle the administration of Pathet/Lao in the two provinces as placed under the supreme authority of the Royal Government", is a renunciation by the Pathet/Lao to their former claim that they were a *de jure* government. However, the *de facto* Pathet/Lao Government is to continue as such until political settlement is reached.

6. Atmosphere should become easier when People's Vietnamese Volunteers forces have completed evacuation of Laos by November 19. Meanwhile, it is unfortunate that Cabinet crisis has not been solved as yet. In my opinion, the Pathet/Lao are not at all Communist as a whole and I do think that political settlement might come soon after November 19 with Royal Laotian Government reasonably disposed to conciliation.

7. In conclusion, I find situation legally illogical but politically not alarming. For the time being, I consider it my task to push towards betterment of legal position at least under Article 19 with a view to placing Royal Laotian Government in the position to which they are entitled under the Geneva Agreement.

800.

DEA/50052-B-40

Le commissaire de la Commission internationale de surveillance pour le Laos au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Laos, to Secretary of State for External Affairs

TELEGRAM 189

Vientiane, November 11, 1954

CONFIDENTIAL. IMMEDIATE.

Repeat New Delhi.

Your telegram No. 16 of November 4, concerning Phong Saly and Sam Neua received only today. My telegram No. 172 of [November] 8, may have answered part of your queries.

2. I do not, repeat not, think that United Kingdom representations in New Delhi risk complicating my relations with Indian Chairman, if made discreetly and without appearance of my connivance. Khosla only lacks boldness and is prone to wait for solution under eventual political settlement instead of taking action through our Commission. It would, therefore, help if Nehru were to recommend firmer line to Khosla.

3. Your interpretation of my compromises as stated in paragraph 3 of your telegram is correct.

4. As regards your paragraph 4, I do not, repeat not, believe that Polish Commissioner will ever back down on this problem of the two provinces unless Pathet Lao themselves agree to come to terms with Royal Laotian Government. A showdown is inevitable unless political settlement is reached.

5. In view of continued Cabinet crisis and approaching date of final withdrawal of Vietnamese forces from Laos viz November 19, I propose withholding initiative until that date. Meanwhile, I shall seek audience with Crown Prince in whom I have special confidence and call again on Acting Prime Minister Souvanna Phouma. After ascertaining their views, I shall tackle Khosla once more and inform you of any new plans for action.

DEA/50052-B-40

801.

Le commissaire de la Commission internationale de surveillance pour le Laos au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Laos, to Secretary of State for External Affairs

Vientiane, November 20, 1954

TELEGRAM 2

CONFIDENTIAL

Reference: Our telegram No. 192 of November 13.†

INTERNATIONAL COMMISSION LAOS — WEEKLY REPORT NO. 8

During the past week there has been a certain lull in the proceedings of the International Commission which has been concurred in to some extent insofar as we are concerned because of the inability of any of the political leaders in Vientiane to form a government. I consider it most important to seek the advice and concurrence of any new government in the formulation of a recommendation for political action which that government would be called upon to implement. For this reason I have held up forcing in the Commission my recommendations based on the recent Pathet Lao acceptance in principle of the sovereignty of the Royal Government for the assertion of the administrative authority of the Royal Government in the provinces of Phong Saly and Sam Neua. Koshla has given me his assurance that be backs me 100 percent and that as soon as a government is formed we should take appropriate action in the Commission.

2. Nevertheless, this has been an important week for the International Commission. We are today issuing a press release noting with satisfaction the report received from the Joint Commission of the Franco-Laotian and People's Vietnamese Volunteers/Pathet-Lao Commands that the French Union forces, except for those allowed in the Geneva Agreement, and all People's Vietnamese Volunteers forces have now been withdrawn completely from the territory of Laos. While I had some hesitation about this release, especially in view of our lack of precise information about the situation in the 2 northern provinces, I think it in the main

true and appropriate to state that the most important military provision of the agreement has been implemented by both sides at least in the letter.

3. The political committee has had its difficulties because the Poles went back on their verbal agreement that in accordance with Article 24 complaints should first be investigated by the Joint Commission. But in the Commission itself after a long rearguard action by the Pole we were able to salvage enough of the recommendations of the committee to direct the Secretariat that in the first instance the parties should be asked to contact each other for the settlement of a dispute unless the dispute was of a serious nature when it should immediately be brought to the attention of the political committee or of the International Commission.

4. There was one unusually harmonious meeting this week when the Canadian Delegation presented a re-draft in form of a Polish recommendation on democratic rights which in its final form of a letter to the Joint Commission requested both parties to give wide publicity to Articles 15 and 17 of the Geneva Agreement and in spite of Polish reluctance as well to the paragraph in the Geneva declaration of the Government of Laos stating its intention to integrate all citizens without discrimination into the national community.

802.

DEA/50052-B-40

Le commissaire de la Commission internationale de surveillance pour le Laos au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Laos, to Secretary of State for External Affairs

TELEGRAM 5

Vientiane, November 27, 1954

CONFIDENTIAL

Reference: Our telegram No. 2 of November 20.

INTERNATIONAL COMMISSION LAOS — WEEKLY REPORT NO. 9

This has been an active week for the Commission, especially for our teams in the mountainous jungle of the northern provinces. Serious incidents in Phong Saly and Sam Neua have underlined the situation there as a threat to peace. They have also emphasized the frustration of the Commission in its inability to carry out investigations and supervision properly in that area because of the non-availability of air transport.

2. *Incidents.* Two serious incidents were reported to the Commission early in the week and a third allegedly serious situation was drawn to our attention on the 26 in a letter from the Prime Minister. First, a Vietnamese Volunteer/Pathet Lao force 200 strong was said to have engaged a Laotian National Army unit at Pong Nang in Phong Saly on November 18. The Royal Government press attempted to use this report as proof that People's Vietnamese Volunteer elements had not withdrawn from Laos. Secondly our sub-team in Sam Neua reported that during the night of

November 22-23, pirates attacked the Pathet Lao occupied town of Sam Neua. Fighting took place in the team compound. The Commission has given priority to investigations into these 2 incidents. We have no transport available to investigate the incidents which the Prime Minister states took place in Ban Saeui in Sam Neua on November 24 and which he claims are liable to have serious repercussions. At the same time our Saphao team has had to be withdrawn from an important investigation in order to supervise the reassembly of Pathet Lao forces passing from Vietnam into Sam Neua.

3. *Laotian National Army troops in Phong Saly and Sam Neua.* I took these incidents as sufficient reason to raise once more in the Commission the necessity for the supervision and control of the armed forces of both parties in the northern provinces. With the cooperation of the Chairman I secured agreement from my Polish colleague

(a) to move our helicopter based at Seno in the South to Plaine des Jarres which is the best place for servicing Northern Laos,

(b) to set up a new mobile team at Xieng Khouang specifically for the purpose of investigating the presence of Laotian National Army forces in the 2 provinces and

(c) to request the Joint Commission to have liaison officers made available to our teams when joint sub-groups cannot be provided.

4. *Transport.* The Commission's transport difficulties were dramatically emphasized by the forced landing and loss by fire on the 20th of one of the two helicopters normally at the disposition of our teams in the north. Our Phong Saly team escaped serious injury and displayed what the French liaison officer described as uncommon endurance during the 3 days they trekked through the jungle to safety. A report of this incident has been released to the press. It was almost anti-climatic when we had news that the Beaver carrying officers to make special enquiries at Sam Neua had been damaged in landing at Saphao. The aircraft is out of commission and the officers have been stranded for the past several days. In the circumstances the only reasonable reply we could make to the Commission in Hanoi in response to their request for the use of our helicopter based at Xieng Khouang to conduct investigations in the neighbouring areas of Vietnam, was that the Commissions should appeal jointly to the French authorities to make another helicopter available in that area for the joint use of the 2 Commissions.

5. *General.* Ending the Cabinet crisis which began on October 19, the National Assembly on November 25 voted confidence in a government headed by Katay Sasorith. Souvanna Phouma and Phoui Sananikone, formerly Prime Minister and Minister for Foreign Affairs respectively, remain in the government as Vice Presidents of the Council. I am confident the new government will give first priority to the problem of the situation in the 2 northern provinces.

6. The Commission goes today to present its respects to King at Luang Prabang. It will return tomorrow.

803.

DEA/50052-B-40

Le commissaire de la Commission internationale de surveillance pour le Laos au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Laos, to Secretary of State for External Affairs

TELEGRAM 12

Vientiane, December 22, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Our telegram No. 10 of December 10.†

INTERNATIONAL COMMISSION LAOS PROGRESS REPORT NO. 12

Because of alterations in and uncertainty about courier connections and the difficulties involved in telegraphic communication of long messages from this post this delayed report covers the period December 11 to December 20.

2. *Teams and investigations.* The main operational difficulty with which the Commission has had to cope during the period under review has been the non-availability of or incompleteness of joint groups representing the two parties to assist our teams in carrying out priority investigations in the northern provinces. On December 12 the Commission ordered the mobile team from Xieng Khouang to proceed immediately to Hong Kyon in Sam Neua to investigate a Royal Government complaint that the Pathet Lao were menacing the position of Royal Army forces there but the Peoples Vietnamese Volunteer/Pathet Lao delegation refused to provide the team with a joint group on the grounds that they had not received sufficient information about the complaint and that they considered other complaints of murder and arson they had previously made against the Franco-Laotian party of greater importance. It was only after a lengthy exchange of messages reiterating the insistence of the Commission that the Peoples Vietnamese Volunteer/Pathet Lao agreed to provide their liaison component with the joint group on December 17. Then the Commission had to intervene with the Franco-Laotian side to secure helicopter transport for the Peoples Vietnamese Volunteer/Pathet Lao group who insisted on being taken en route first to the town of Sam Neua for briefing at their headquarters. The team was finally able to begin the enquiry 1 week after it had been given immediate priority by the Commission. A similar situation arose in Thong Saly where the Pathet Lao objected to a wireless set and operator accompanying the Franco-Laotian element in the joint group which it was said arrived without credentials from the Joint Commission.

3. As a result of this frustration and delay for our teams and bickering between the parties the Chairman and the Canadian delegation firmly resolved that drastic action must be taken by the Commission despite Polish unwillingness to be critical of the usefulness of joint groups and so open the way to a demand for their disbandment under Article 28. Our position was strengthened by a rudely worded letter from the Peoples Vietnamese Volunteer/Pathet Lao delegation which in effect

dictated to the Commission the conditions under which the Peoples Vietnamese Volunteer/Pathet Lao would operate in the carrying out of investigations. While the wording of the Commission's reply represented some slight concession to the Polish attempts to defend the tone of Colonel Tinh's letter it did state clearly that in case joint groups were not practicable or available the Commission considered that the parties might authorize liaison officers or local representatives to represent them for the purpose of investigation. It also stated that the Commission reserved the right itself to decide the priority which should be given to investigations. Having gained the first round in the Commission we instructed the Political Committee to review the situation and come up with recommendations for a solution of the problem. The Canadian representative produced a draft letter to the Joint Commission stating that the International Commission was in no way bound or prepared to accept this unsatisfactory situation and that the International Commission teams could be instructed to proceed with investigations even if joint groups or liaison officers were not available from the Joint Commission. The Polish representative on the Committee flatly refused to accept this even though it was put to him that rather than dispensing with liaison officers from both sides this would ensure that both parties would make every effort to be represented during investigations. It will now go to the Commission where the Chairman is determined to secure acceptance of it in 1 version or another.

4. *Northern provinces.* Published content by the Laotian Government on December 10 welcomed the substance of the Commission's recommendation with regard to a political settlement between the Pathet Lao and the Royal Government as well as its timing by stating that the authority of the Royal Government could not be exercised there before the Vietminh forces were withdrawn on November 19. Meanwhile a Peoples Vietnamese Volunteer/Pathet Lao submission from Sam Neua complaining that the International Commission had not enquired amongst Pathet Lao troops in order that the Franco-Laotian charges of forced recruitment might be disproved presented me with the opportunity of raising once more in the Commission the question of investigating these units in Phong Saly and Sam Neua. The Polish Political Adviser in committee had refused to agree to the Indian and Canadian recommendation that the Commission should ask for a list showing concentrations of Pathet Lao forces. He said the International Commission teams could conduct enquiries occasionally in some Pathet Lao detachments. Later in the Commission my Polish colleague developed the argument that the Pathet Lao had the right to occupy and control the whole of the two provinces. The Commission had no right to check the Pathet Lao forces there except within the limits set by the Pathet Lao themselves. I of course could not agree nor compromise on this question of principle. The Chairman is hopeful that in private conversation he may be able to bring the question back to one of procedure and so secure the Poles' acceptance of the majority recommendation of the Political Committee.

5. *Democratic freedom.* On 15 December the Commission approved an Indian draft circular on civil liberties and democratic freedoms referring particularly to Article 15 and 17 and the relevant portion of the Royal Government's Geneva Declaration. It has been sent to the Joint Commission for an agreed translation into Laotian. The Poles are obviously most anxious that it should receive wide circula-

tion in the South in order that the number of complaints in this category against the Royal Government may span an increase. On the other hand they are reluctant to agree that the circular should be distributed by our teams which is one of the few ways we can help to have it distributed in the northern areas controlled by the Pathet Lao.

6. *Placement of fixed teams.* The Commission has asked the Royal Government for its agreement (in accordance with Article 26) to moving the fixed team for the province of Sam Neua from Saphao to the town of Sam Neua itself which offers better communication facilities, accommodation, and is the Pathet Lao administrative headquarters. At the request of the Franco-Laotian party the Commission has agreed in principle to placing the fixed team at Tchepone which is called for under the Geneva Agreement.

804.

DEA/50052-B-40

Le commissaire de la Commission internationale de surveillance pour le Laos au secrétaire d'État aux Affaires extérieures

Commissioner, International Supervisory Commission for Laos, to Secretary of State for External Affairs

TELEGRAM 14

Vientiane, December 28, 1954

CONFIDENTIAL

Reference: Our telegram No. 12 of December 22.

INTERNATIONAL COMMISSION LAOS PROGRESS REPORT NO. 13

Approach of Christmas, plus work on the report for the Chairman of the Geneva Conference, plus tragic death of Mr. Thurrott were cause that there were only two Commission meetings last week.

2. *Teams and investigations.* Our mobile team from Xieng Khouang did succeed in obtaining from commanders of two parties in Nong Khan, Sam Neua, promise that they would refrain from attacking one another. It was hard mission during which team felt not too secure. For some reason still to be determined Franco-Laotian side failed to send joint group which would have permitted investigation of National Laotian army unit nearby. The rations of our team having exhausted we have just authorized them to return to their base.

3. Commission did adopt our proposal to inform Joint Commission that in case joint groups or liaison officers are not made available by the parties or party, the International Commission will be compelled to undertake such steps as it will deem necessary to make the work of its teams effective independently of the party or parties which fail to make the liaison available.

4. (Two groups corrupt) of joint sub-commissions and joint groups. Under instructions from the French High Command the chief of Franco-Laotian Delegation to the Joint Commission has fixed for next January first the regroupment at Khang

Khay (seat of the Joint Commission) of the joint sub-commissions for Central and Lower Laos as well as the joint groups attached to them. This means that only the Joint Commission itself and its 6 joint groups for Upper Laos will remain in existence as from that date. We had informally recommended this action to the Laotian authorities under Article 28 of the Geneva Agreement. The purpose is to dissociate People's Vietnamese Volunteers from Pathet Laos and to prevent them from conducting activities in territory controlled by the Royal Government.

5. In the same spirit Royal Government has indicated willingness to receive liaison mission of the opposite party in Vientiane on condition that such mission includes only delegates of Laotian nationality representing the movement called Pathet Lao.

2e PARTIE/PART 2

JAPON
JAPAN

SECTION A

COMMERCE
TRADE

DEA/10389-40

805.

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

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

[Ottawa], January 7, 1954

CONFIDENTIAL

MOST-FAVOURED-NATION TRADE AGREEMENT WITH JAPAN

The discussions between Canadian and Japanese officials regarding the proposed Agreement have now been concluded. The text which has emerged appears to be acceptable to both sides and is in conformity with the instructions which Cabinet has given from time to time to the Canadian negotiating group. After it has been reviewed in detail, a memorandum will be prepared for submission to Cabinet seeking formal approval of this text,† a copy of which is attached, prior to signature. In the meantime you may wish to have this brief note concerning the present position, especially since the Japanese Ambassador may be calling on you within the next few days and may refer to this subject in the course of his conversation.

2. Although the negotiations have taken a considerable time, there was probably no point at which either side felt that the other was deliberately stalling. Numerous technical difficulties were encountered and lengthy explanations had to be made by each side at one time or another. Apart from one unfortunate episode involving woodpulp (where certain Japanese officials appeared to have misled us — and

apparently their negotiating team as well), the atmosphere surrounding the talks has been very good, and each side has shown a readiness to consider sympathetically the problems of the other. You may wish to mention to the Ambassador that the Canadian group developed a very healthy respect for the negotiating abilities of Mr. Inagaki and his colleagues.

3. The Japanese language text of the Agreement is being prepared in Tokyo and will be supplied to us shortly for our examination and approval. Mr. Inagaki returned to Tokyo last night in order to hasten this translation and also to participate in the working out of the arrangements that will be necessary for ensuring that imports of the nine commodities listed in one of the accompanying notes will take place on a competitive and non-discriminatory basis. He will also be consulting with his authorities and with our Embassy concerning the kind of information which is to be supplied to us periodically after the Agreement comes into force in order to keep us informed on how the Agreement is working.

4. Before his departure, Mr. Inagaki expressed the view that signature of the Agreement should be possible early in February and that ratification action by the Japanese Diet might be initiated in March.

5. During the last meeting with him, Mr. Inagaki referred to the possibility that Japan might receive as much as 500,000 tons of wheat from the United States under a special arrangement of the kind envisaged in the notorious Section 550 of the Mutual Security Act.[37] Although the Canadian side had been informed confidentially of this possibility by the State Department some time ago (and were aware that fairly strong representations had been made to the United States on this proposal, especially with respect to the adverse effects which such a transaction might have on Canada's normal commercial sales to Japan), they did not comment too vigorously on Mr. Inagaki's rather casual reference to the matter beyond expressing the hope that the Japanese authorities would refrain from action inconsistent with the letter and spirit of the draft Agreement even in the period before the Agreement actually comes into force. It was pointed out to Mr. Inagaki that, apart from the commercial consequences for Canada of any action which might be, or appear to be, discriminatory in character, his people would doubtless wish to have in mind the psychological consequences of any such action in relation to the reception of the Agreement in Canada. Both sides obviously had an interest in creating an atmosphere which would be favourable to acceptance of an Agreement which promised to be mutually advantageous.

6. If you are talking with Mr. Iguchi concerning this draft Agreement, you may wish to re-emphasize the desirability of both countries avoiding any action at this

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[37] L'article 550 de la Loi de sécurité mutuelle de 1953 prévoyait une somme d'au moins 100 millions $, mais ne dépassant pas 250 millions $ pour l'achat de produits agricoles excédentaires par des pays amis. Pour le texte, voir :/
Section 550 of the 1953 Mutual Security Act provided between $100 and $250 million for financing the purchase of American agricultural commodities by friendly countries. For text, see:
Documents on International Affairs 1953, London: Oxford University Press-Royal Institute of International Affairs, pp. 254-55.
Sur le problème général causé par la destruction des excédents agricoles des États-Unis, voir Documents 513-522./On the general problem caused by the disposal of American agricultural surplus, see Documents 513-522.

time which could prejudice the prospects for the Agreement. You might wish to mention specifically the reports which we have had concerning the possibility of a wheat deal between Japan and the United States, and you might wish to observe that, if Japan were to procure wheat in a manner which did not provide an opportunity for Canada to compete for the business, we should regard such a transaction as contrary to the non-discriminatory provisions of our proposed Agreement. You might wish to add that such a transaction, especially if it were to be for a substantial quantity, would make it very difficult to convince the Canadian people that the Agreement when ratified would really help to maintain or increase Canada's trade with Japan. The fact that some of the U.S. wheat may be soft, whereas most of our wheat is hard — which Mr. Inagaki mentioned in his brief remarks — would seem to be quite irrelevant to the main issue. The draft Agreement envisages complete non-discrimination with respect to imports of all wheat (apart from certain exceptions specifically mentioned in the confidential note accompanying the Agreement).

7. It may be that before Mr. Iguchi sees you Mr. Howe will have had an opportunity to discuss with you the question of what might be said formally to the Japanese authorities (as well as to the United States) about this wheat deal. If you and Mr. Howe have not had an opportunity to discuss it, the remarks suggested above would seem to be reasonable and to reflect Canada's interests in the proposed transaction. While it can be represented that the supply of wheat to Japan under such special arrangements (resulting in the accumulation of yen for use by the Japanese Government) is about the only way in which the U.S. can assist the Japanese in financing their re-armament or defence expenditures, it would seem extremely doubtful that we should accept such an argument. The fact that the United States Congress may be willing to make funds available only in connection with the disposal of its surplus agricultural products would not seem to provide sufficient reason for us to acquiesce in a transaction which would be discriminatory and which would greatly reduce the value of our proposed Agreement with Japan. In the end, of course, it may be necessary as a practical matter to arrive at some compromise whereby the United States would supply a smaller quantity of wheat than that now envisaged and would ensure that the shipment of such wheat would be spread over a sufficiently long period of time to keep interference with our normal trade to a minimum. Meanwhile, however, it would seem desirable for us to let Japan (as well as the United States) know that we are concerned at the implications of the rumoured deal and regard it as discriminatory and contrary to the basic principles of our proposed Agreement.

R.A. M[ACKAY]

806.

DEA/24-40

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

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

CONFIDENTIAL

[Ottawa], January 8, 1954

MOST-FAVOURED-NATION TRADE AGREEMENT WITH JAPAN AND REPORTS OF SPECIAL JAPANESE WHEAT PURCHASES FROM THE UNITED STATES

In paragraph 7 of my memorandum of January 7, I mentioned Mr. Howe's interest in this matter. Since that memorandum was sent to you there has been some interdepartmental discussions among officials concerning the desirability of Mr. Howe informing the Japanese Ambassador of his concern at the proposed wheat deal with the United States. I attach the text of a letter prepared during those discussions which it was thought Mr. Howe might give to Mr. Iguchi.

2. Since it seemed desirable to keep this subject on a commercial basis at this stage (and to avoid for the present any discussion of the difficulties which the Japanese might be experiencing in meeting their food requirements and of the relationship of this transaction to the financing of Japanese rearmament) it was felt that it would be appropriate for the Minister of Trade & Commerce to be the one to receive the Japanese Ambassador. It also appeared that something resembling a personal letter might be the most effective means of conveying these views to the Ambassador, especially since the trade agreement is of course not yet in force and there is therefore no legal basis for a formal protest from us.

3. Mr. Howe has now in fact seen the Japanese Ambassador this morning and has given him the proposed letter supplemented by his own oral remarks. I understand that Mr. Iguchi showed no surprise at the receipt of these representations. He said quite frankly that he was already aware of the probability that the proposed transaction would not be well received in Canada and he had advised Tokyo to this effect. He told Mr. Howe that he would immediately inform Tokyo of this morning's conversation and of the contents of the letter.

4. In case you may be talking with Mr. Iguchi in the near future you will doubtless wish to be aware of the exchange which Mr. Howe has already had with him on this subject.

R.A. M[ACKAY]

[PIÈCE JOINTE/ENCLOSURE]

Le ministre du Commerce
à l'ambassadeur du Japon

Minister of Trade and Commerce
to Ambassador of Japan

[Ottawa], January 7, 1954

My dear Ambassador:

I have received reports to the effect that the Japanese Government will probably purchase substantial quantities of wheat and barley from the United States under the provisions of Section 550 of the Mutual Security Act. From the information which I have, I would think such purchases by Japan might well prove to be inconsistent with the principles of unconditional non-discriminatory treatment of wheat and barley which are at the heart of the projected agreement on commerce between Japan and Canada. In my view, any purchases of wheat and barley for which Canadian suppliers are not granted an equal opportunity of competing, would be discriminatory and in conflict with the principles which, it is hoped, may soon govern commercial relations between Canada and Japan.

In addition, I would wish to emphasize that the prospect of such purchases, and the serious curtailment or temporary elimination of Canadian sales of wheat and barley to Japan which might result therefrom, would have an adverse effect on the climate of opinion in Canada regarding the establishment of most-favoured-nation trade relations with Japan. In my opinion, it would be particularly unfortunate if anything were to happen at this time to impair the basis of an agreement which is now approaching a successful conclusion.

[C.D. HOWE]

DEA/24-40

807.

L'ambassadeur au Japon
au secrétaire d'État aux Affaires extérieures

Ambassador in Japan
to Secretary of State for External Affairs

Tokyo, January 11, 1954

TELEGRAM 6

SECRET. IMPORTANT.

Following for M.W. Sharp, Department Trade and Commerce, repeat R.M. Esdale, Department Trade and Commerce for G.H. McIvor Canadian Wheat Board from Vogel, Begins: Grain mission arrived 4:30 A.M. January 8. First day spent in courtesy calls on officials of Ministry of International Trade and Industry and Ministry of Foreign Affairs. Most of the talks dealt in generalities. The most interesting remark was made by Mr. Matsuo, Deputy Chief of the International Trade Bureau

of MITI, who said that MITI would favour a wheat contract with the Canadian Wheat Board in order that wheat movement might be programmed. Actual buying and contract, if any, would be a matter for the Japanese Food Agency a division of the Department of Agriculture and Forestry. There appears to be great rivalry between MITI and the Agency.

2. In the Ministry of Foreign Affairs we called on Mr. Oda, the Chief of the Economic Affairs Bureau, who will be leaving in March to be Minister in London. Mr. Oda said that before leaving his job he had wanted to finish the trade agreement with Canada and also to clean up the Japanese position with respect to MSA. We did not question him on the latter point.

3. On the evening of January 8 reception was given by Mr. Britton attended by prominent officials and grain trade. Mr. Izumoi, who used to be with Embassy in Ottawa and now with MITI, took Vogel aside to say in great confidence that Food Agency very tricky and must be watched. Izumoi said Agency too wants wheat contract and will probably originally suggest 450,000 tons. He said that real figure in Agency's mind is 700,000 tons but he did not know if either figure included quantities already bought this year. He said grain mission should be very careful not to appear anxious for contract and should leave first move up to Agency.

4. Later during reception Mr. Matsuo told Riddell and Vogel that 500,000 tons of wheat might be obtained from United States under Section 550. We told him that we were sure Ottawa would regard it as discriminatory if purchase of only United States wheat to be considered because payment in yen. We told him that in return for substantial tariff concessions on Japanese goods Canada had not asked for guarantees of quantities etc., but had only asked for non-discriminatory treatment on selected commodities. We told Matsuo that Inagaki (due Tokyo Saturday) was undoubtedly well aware of what Canadian attitude would be. Matsuo suggested perhaps Section 550 a special case but we told him it was impossible to have special discrimination when convenient and that agreement provides for discrimination only in special cases like Argentine wheat deal.

5. On Saturday morning paid courtesy call on Mr. Maetani, Head of Food Agency, but beyond learning interesting statistics of the ever increasing Japanese use of wheat and barley we did not come to gripes. First real business meetings (as opposed to courtesy calls) will commence today.

DEA/24-40

808.

L'ambassadeur au Japon
au secrétaire d'État aux Affaires extérieures

Ambassador in Japan
to Secretary of State for External Affairs

TELEGRAM 9 Tokyo, January 14, 1954

SECRET. IMPORTANT.

Following for M.W. Sharp, Trade and Commerce Department, repeat R.M. Esdale, Trade and Commerce Department, for G.H. McIvor, Canadian Wheat Board, from G.N. Vogel, Begins: Had further meetings with Food Agency on Wednesday. We discussed many points with respect to particular requirements of Japanese markets. No specific discussion re wheat contract but we learn confidentially, from personal sources, that a result of our visit here has been to convince Food Agency of desirability of contract and that negotiations will probably be opened shortly through Japanese Ambassador in Ottawa. We understand contract (which will probably cover a quantity of from 450 thousand to 700 thousand tons) will cover sales from November 1st last to end of next August. Unless there is a great change of heart after we leave here, we are confident that contract will materialize. Food Agency also considering possibility of barley contract but No. 1 feed barley is a great problem for them because of mixture of 6 row and 2 row varieties.

2. No further meetings planned with Food Agency. Rest of stay here will be spent in visiting mills, bakeries and barley processing plants. We are leaving for Hong Kong via BOAC on Sunday night, which is 24 hours earlier than planned itinerary.

3. Outstanding impression of Japan is the tremendous potential for sales of wheat. The mills, etc., we have seen would be impressive even if full consumption had been reached but in fact wheat consumption is only beginning. Use of flour here last year increased 50 per cent over previous year. This is, furthermore, a quality bread market which appreciates and wants Canadian wheat. If mills had free choice of wheat supplies there is no doubt that Canadian wheat would dominate.

4. Cannot speak too highly of Britton's assistance here and of his outstanding personal connections with senior officials and trade.

5. Raised question of 2 cargoes No. 1 feed barley sold Prince Rupert January. Food Agency says cannot discover any importers who took on such purchases but are still investigating. It may be that Canadian exporters have simply gone long.

809.

PCO

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

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 15-54

Ottawa, January 18, 1954

CONFIDENTIAL

AGREEMENT ON COMMERCE WITH JAPAN

The negotiations between the Canadian Negotiating Group and members of the Japanese Embassy for the proposed trade treaty have now produced draft texts of the Agreement and the supplementary notes which are satisfactory to both sides.[38] This Memorandum summarises the developments and the results of the negotiations and seeks Cabinet approval for the Government of Canada to enter into the proposed Agreement.

The Canadian Negotiating Group has consisted of officials from the Departments of External Affairs, Finance, and Trade and Commerce designated by Cabinet on July 31, 1952. In addition to the original instructions given to the Group by Cabinet at its meeting on November 19, 1952, Cabinet has also considered a number of specific points in the proposed Agreement and provided guidance for the Negotiating Group on several occasions, (notably at its meetings on January 30, July 6, September 29 and October 21, 1953).[39] The draft Agreement, a copy of which is attached to this submission, is in accordance with the lines laid down from time to time by Cabinet.

It will be recalled that the Negotiating Group originally was instructed:

(1) to seek a reservation of the right to apply fixed values on imports which cause or threaten to cause serious injury to Canadian industry; and

(2) to seek certain assurances from Japan concerning the treatment of Canadian exports; including an undertaking by Japan not to discriminate against imports from Canada in the application of trade and exchange restrictions, which would in effect be additional to any safeguards afforded by GATT in the event that Japan is admitted to GATT.

The Cabinet memorandum concerning the type of assurances that should be sought from Japan on the treatment of Canadian exports was as follows:

"It could be pointed out to the Japanese at the outset of the negotiations that the proposed extension to them of most-favoured-nation rates represented a major concession, particularly as they reflect the results of negotiations in GATT. In the light of this, and the fact that Japanese imports into Canada would not be liable to any form of discrimination, the Committee consider that we would be

[38] Voir Canada, *Recueil des traités*, 1954, N° 3/See Canada, *Treaty Series*, 1954, No. 3.
[39] Voir/See Volume 19, Document 1083.

justified in asking for similar non-discriminatory treatment of Canadian exports to Japan. This would apply particularly to the 100% surtax on the present tariff duties which the Japanese authorities may, under existing legislation, impose on goods from any country discriminating in any way against Japan. It would apply also to quantitative import restrictions and the allocation of foreign exchange, which are at present being administered by the Japanese on a discriminatory basis. The starting position should probably be to insist on complete non-discrimination between hard and soft currency countries. If the position could not be maintained in the course of negotiations it might be desirable nonetheless to have the principle of non-discrimination spelled out in the agreement with the reservation that, if the Japanese found it necessary to depart from this principle, they would enter into full consultations with us at our request. The last position to which we might move would be to insist at least on the non-discriminatory allocation of exchange among the hard currency countries. The question whether we would be prepared to retreat this far would have to be decided at the time in the light of the progress achieved in the negotiations as a whole."

Agreement was reached on the principle of a valuation procedure consistent with the General Agreement on Tariffs and Trade, and in keeping with the decision of Cabinet of January 30, which would permit, in certain circumstances, the imposition of increased values for duty on imports causing or threatening to cause serious injury to a Canadian domestic industry. For reasons of presentation in Japan, the Japanese requested that the escape clause on valuation should be covered by means of an exchange of notes — which would be published — rather than by way of a formal provision in the Agreement itself. Cabinet approved this procedure at its meeting last October 21. The second Exchange of Notes appended to the Agreement provides this escape clause. The Japanese Note expressly recognises the right of the Canadian Government to resort to special valuation procedures in the circumstances envisaged, both under the bilateral agreement and also after the General Agreement on Tariffs and Trade is applied between Canada and Japan.

The Canadian proposal for the unconditional non-discriminatory application of trade and exchange restrictions was not acceptable to the Japanese Government as it considered that the right to impose certain discriminatory trade and exchange restrictions was essential in order to safeguard the external financial position of Japan. In the event a formula was devised, which was approved by Cabinet on October 21, whereby Japan undertook in connection with all of its Trade not to discriminate against Canada in favour of other hard currency sources of supply and in connection with nine important Canadian export products not to impose any trade or exchange controls which have the effect of discriminating in favour of any other country. Article III of the draft agreement provides for the non-discriminatory application of trade and exchange restrictions as between hard currency sources of supply. The third appended exchange of notes provides for unconditional non-discriminatory treatment with respect to the importation into Japan of the nine commodities.

At its meeting on October 21, Cabinet also agreed that existing firm commitments into which the Japanese had already entered for the purchase of any of the nine commodities from other countries, and certain amounts of wheat which Japan

proposed to include in agreements currently under negotiation with the Argentine and Turkey, should be exempted from the commitment with respect to the nine commodities. Cabinet also agreed that a general reference to these exceptions should be made in the public exchange of notes but that the precise understanding on these exceptions should be incorporated in an exchange of notes which at the request of the Japanese would remain confidential after the Agreement was signed in order not to prejudice Japan's negotiations with the Argentine and Turkey (see the fourth appended exchange of notes). The Japanese have indicated that should parliamentary or other questions be addressed to their government for more precise information about the exceptions, they would reply that existing and certain arrangements under negotiation with third countries are exempted. Should similar questions be put in Canada we would reply similarly, explaining that only a limited number of the nine commodities are affected and that the exceptions are for specific and limited quantities and for specific periods.

The confidential exchange of Notes also provides that the Japanese Government shall supply relevant information concerning its import licensing and foreign exchange allocation systems in order that the Canadian Government may be in a position to follow the operation of Article III and the exceptions.

As the negotiations have been conducted in Ottawa, the draft Agreement is intended to provide for signature to take place in Ottawa and the exchange of instruments of ratification to take place in Tokyo. Cabinet will wish to consider whether this procedure commends itself. Subject to Cabinet approval it has been tentatively suggested that the Agreement might be signed early in February. The Japanese have indicated that the Agreement would probably be submitted to the Japanese Diet for ratification in early March. Ministers may wish to consider the manner and timing of any discussion of this Agreement in the Canadian Parliament.

Recommendation

It is recommended, with the concurrence of the Minister of Trade and Commerce and the Acting Minister of Finance, that Cabinet:

(a) Approve entry by the Government of Canada into this proposed Agreement on Commerce with Japan; the English and Japanese language texts to be regarded as equally authentic after conformity of the two texts has been verified;

(b) Approve the four supplementary exchanges of Notes in the English language;

(c) Agree that authority be sought of the Governor-in-Council for signature of the Agreement and the related exchanges of notes on behalf of Canada by _____. (to be designated by Cabinet);

(d) Agree that the exchange of notes on the exceptions to the Japanese commitment to accord unconditional most-favoured-nation treatment to the nine commodities should remain confidential documents after publication of the Agreement and the other exchanges of notes;

(e) Agree that an appropriate press release, to be issued in Ottawa at the time of signature of the Agreement, be prepared by the Negotiating Group and be approved

by the Secretary of State for External Affairs, the Minister of Trade and Commerce and the Minister of Finance;

(f) Agree that the Governor-in-Council be requested to authorise ratification to take effect on the date of the exchange of instruments of ratification with Japan.[40]

L.B. PEARSON

DEA/24-40

810.

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

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

[Ottawa], January 20, 1954

SECRET

PROPOSED U.S. WHEAT AND BARLEY SALES TO JAPAN UNDER SECTION 550 OF THE MUTUAL SECURITY ACT

From the attached telegram (No. 12) which has just been received from our Embassy in Tokyo, it would appear that the proposed purchases of at least 500,000 tons of wheat and 100,000 tons of barley are expected to go through within the next two weeks. In view of the concern with which such a development would be viewed here, a telegram has been sent to our Embassy in Washington indicating that Mr. McIvor of the Wheat Board and Dr. Isbister of the Department of Trade and Commerce will be in Washington for talks with U.S. officials on Thursday and Friday. A copy of this telegram is also attached for your information.

2. I understand it to be Mr. Howe's view that, despite this situation, he would be agreeable to action by Cabinet tomorrow on the projected Traded Agreement between Canada and Japan. The fate of that Agreement might, of course, be affected by what happens eventually concerning this proposed transaction.

R.A. M[ACKAY]

[40] Le 21 janvier 1954, le Cabinet a approuvé les recommandations a) et b), mais a repoussé sa décision quant à la date et au lieu de la signature.
On January 21, 1954, Cabinet approved recommendations (a) and (b) but deferred decision on the time and place of signature.

[PIÈCE JOINTE/ENCLOSURE]

L'ambassadeur au Japon
au secrétaire d'État aux Affaires extérieures

Ambassador in Japan
to Secretary of State for External Affairs

TELEGRAM 12

Tokyo, January 19, 1954

SECRET. IMMEDIATE.

Attention M.W. Sharp, Trade and Commerce, from Britton, Begins: Oda of Japanese Foreign Office advised me this morning that Japan intends purchasing 500,000 tons of wheat and 100,000 tons of barley from the United States under the provisions of Section 550 of the Mutual Security Act. It is anticipated that an agreement for the purchase will be concluded before the end of January.

2. Japanese Government does not regard these purchases as discriminatory nor in conflict with the projected agreement on commerce between Canada and Japan and will cable Iguchi in these terms. Oda contends that the wheat under the agreement will be made available to Japan at a price 20 percent below the IWA price and the barley at a similar discount and, therefore, is being purchased from the cheapest source of supply.

3. Oda was reminded, in the terms of Mr. Howe's letter of January 8 to the Japanese Ambassador, that the Canadian Government would regard this purchase as discriminatory and that it would probably affect the volume of Canada's sales of both wheat and barley to Japan during the present year. Oda conceded that Canada's grain sales would be affected and intimated that the United States Government have recently been pressing Japan to increase purchases of wheat and barley from the United States.

4. The transaction will be in yen so that Japan will not be required to use accumulated dollar holdings. 20 percent of the yen proceeds from the sale of the grains is to be in the form of a grant which will be utilized for the development of Japan's munitions industry. The balance of 80 percent for United States off-shore military procurement.

5. It is probable that additional purchases of wheat and barley under the same terms and conditions will be made by Japan from the United States to bring the total value of the purchases to 50,000,000 dollars (Figure of $50,000,000 (received corrupt) could possibly be $50,900,000.), the figure frequently reported in the local press.

6. Oda also commented on the wheat contract with Canada stating that the food agency does not favour a rigid contract because of losses sustained under the previous contract as a result of the strike on the West Coast. Ends.

DEA/10389-40

811.

L'ambassadeur au Japon
au secrétaire d'État aux Affaires extérieures

Ambassador in Japan
to Secretary of State for External Affairs

TELEGRAM 17

Tokyo, January 22, 1954

SECRET. IMMEDIATE.

Attention Sharp, Trade and Commerce, from Britton, Begins: Had interview today with Waring, Commercial Councillor at United States Embassy, during which he outlined his views on the forthcoming grain sales to Japan under section 550 of MSA. Waring has been fully informed by the Japanese Government on the Canadian Government's attitude to these transactions and has seen copy of Mr. Howe's letter of January 8. Waring stated in the discussions which he conducted with the Japanese Government on MSA purchases that Canada's position was kept continually in mind by both the negotiating parties. Waring advises there was no intention of interfering with normal Canadian wheat sales to Japan and he confirmed Japan's intention to purchase 600,000 tons of wheat from Canada during the present crop year. This quantity is inclusive of purchases already made. The Japanese Government furthermore have expressed to Waring their intention to purchase not less than the same quantity of wheat from Canada in the next crop year. It is contended by the Japanese that contemplated wheat purchases from Canada during the present and next crop year will be well above quantity purchased in the previous crop year. The Japanese informed Waring that the contemplated purchases of grains under section 550 of MSA does not in their opinion violate the principle of non discrimination expressed in the Canada/Japan commercial agreement and their note in reply to Mr. Howe's letter will be couched in these terms. The Japanese Foreign Office according to Waring are giving serious attention to the protest lodged by Mr. Howe and I gathered that the United States Embassy here are also seriously concerned. Neither the United States Embassy in Tokyo nor the Japanese Government consciously felt that the purchase of this wheat under section 550 was in conflict with principle of non-discrimination. The Japanese Government are extremely anxious to avoid any controversy which would delay the signing of the commercial agreement with Canada and I should think that the present issue could be utilized to advantage in obtaining a wheat contract with Japan covering the quantities of wheat already mentioned if this is desired. Ends.

812.

DEA/24-40

L'ambassadeur du Japon
au ministre du Commerce

Ambassador of Japan
to Minister of Trade and Commerce

Ottawa, January 22, 1954

My dear Minister,

With reference to your letter of January 8, 1954, under instruction from Tokyo, I wish to convey the following views of the Japanese Government on the subject under reference.

The purchase of United States wheat and barley under the provisions of Section 550 of the Mutual Security Act, contemplated by my Government, have certain aspects which should perhaps be explained.

Section 550 stipulates that special precautions shall be taken to safeguard against the substitution or displacement of usual marketings of the United States or friendly countries.

My Government is fully aware of the importance of the above stipulation, and has no intention of "serious curtailment or temporary elimination of Canadian sales of wheat and barley to Japan", as mentioned in your Note of January 8, 1954.

Japanese wheat purchases from Canada for Japanese fiscal year 1953-54 will total roughly 600 thousand tons; barley purchases, roughly 340 thousand tons. My Government anticipates the purchase of roughly the same amount for the coming fiscal year.

Purchases under Section 550 will be made in the following manner:

(1) The price of wheat will be the same as the prevailing IWA price and that for barley the prevailing United States export price.

(2) The dollar funds necessary for purchase under Section 550 will be reimbursed to Japan by the Foreign Operations Administration.

(3) The yen equivalent of twenty per cent of the total purchase funds will be given Japan in the form of grants-in-aid for the development of Japanese industry.

(4) The yen equivalent of the remainder of the total purchase funds will be used for off-shore procurement of military equipment and ammunition in Japan for use by Japan and other friendly forces in the Far East.

For the above reasons, my Government is convinced that purchases under Section 550, which are not on a strictly commercial basis, will not conflict with the principles of the projected agreement on commerce between Canada and Japan.

Yours sincerely,

S. IGUCHI

813.

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-132 Washington, January 23, 1954

SECRET. IMPORTANT.

Reference: EX-100 of January 20.[41]

PROPOSED UNITED STATES WHEAT AND BARLEY SALES TO JAPAN UNDER SECTION 550 MUTUAL SECURITY ACT

Isbister and McIvor had successful meetings yesterday morning with Kalijarvi and other State Department officials and officials from CCC, Department of Agriculture, and FOA. LePan and Smith accompanied Isbister to this meeting. Subsequent to the meeting a more restricted meeting was held with Sam Waugh, Kalijarvi, Schaetzel and Vernon of the State Department.

2. The State Department went to some pains to explain that they were most anxious to put through a military assistance agreement with the Japanese that would enable them to slowly build up the Japanese defence forces for a strictly defensive role. They explained that there was considerable opposition in Japan to any expenditures for military purposes. At the same time Japanese economy had run through a period of extreme inflation and the present Minister of Finance was making a real effort to bring this under control. This could only be accomplished provided budget expenditures were reduced to a minimum. Nevertheless they had agreed that it was essential to increase military expenditures but they could only obtain support of the Diet provided they could indicate some compensation for this increased military expenditure. The only way the United States could see a way to help the Japanese in this predicament was an operation under 550.

3. FOA then described the basis under which they have been negotiating with the Japanese that follows very closely that described in your EX-97 of January 20† with the important exception that there is no, repeat no, reduction in price beyond regular IWA and current market prices. It was evident that FOA has not kept State Department fully informed of the progress of these negotiations but FOA did confirm, in answer to Kalijarvi's question, that no firm proposal had yet been received from the Japanese.

4. The Canadian side's point of view was first expressed by McIvor who read out the telegram received from Tokyo as given to us in your teletype EX-97. Isbister went on to explain that we did not wish to complain about American aid to Japan and that we had the same objectives in wishing to see Japanese economy strengthened and their acceptance of an increased share of their defence costs. It was for

[41] La pièce jointe au document 810/Attachment to Document 810.

this reason that we were anxious to conclude the trade agreement which would make it possible for the Japanese to sell considerably more of their produce in Canada by extending to them the advantages of our most favoured nation tariff rates. At the same time we had felt, based on the information received from Japan, that we stood in grave danger of losing our position in the Japanese market for sales of wheat and barley. We made it plain that we had no wish to seek a preferred position in the Japanese market but we did insist upon having an equal opportunity for legitimate business. We pointed out also that our proposed trade agreement with Japan was based on principles of non-discrimination, which the American Government had supported; indeed some of their officials at Geneva had seen this agreement and had given their full support to the principles contained therein.

5. The Department of Agriculture asked if it would be possible to include any 550 wheat in a deal with Japan that we might consider as not interfering with Canada's legitimate trade with that country. They asked if we could give them an indication of what volume of wheat we might consider as our legitimate share of the market. They went on to say that they hoped that the interpretation of "all normal marketing of wheat by free countries" would not be construed so as to mean the quantity of wheat that Canada would otherwise sell this year if no 550 operations were to take place. It was hoped that the interpretation we might give to this phase would be the amount of wheat that we would normally sell to Japan, allowing 550 wheat to come in to the extent that might be considered necessary to take the place of the poor rice crop this year.

6. McIvor answered that we could not name a figure and that we were also concerned that any arrangements for sales with the Japanese could provide continuity of shipments so as not to cause irregularity in shipments out of Vancouver. It was felt that our next step should be to discuss the matter further with the Japanese and to ask them what they were prepared to do. It would be pointed out to them that they were not being offered wheat below the IWA price and that consequently we could not accept the principle that they had the right to discriminate against imports from Canada. The United States agreed also that they should advise the Japanese concerning the price situation and also to suggest that they did not wish to interfere with the proposed Canadian-Japanese trade agreement.

7. Following the meeting, State Department have subsequently advised us that they have telegraphed to Tokyo outlining the basis of our talks and to make quite clear to the Japanese that there is no offer of wheat below the IWA prices.

8. The meeting was conducted on a most friendly and cooperative atmosphere. Subsequently the talks with Waugh were on an equally friendly basis. In those talks Isbister went into more detail concerning our proposed trade agreement, and there was no doubt that Waugh will give his personal backing to the line of approach worked out at the first meeting. Isbister will be in Ottawa by train Saturday morning and will of course give you any amplifying details.

DEA/24-40

814.

Le ministre du Commerce
à l'ambassadeur du Japon

Minister of Trade and Commerce
to Ambassador of Japan

[Ottawa], January 28, 1954

My dear Ambassador,

Thank you for your letter of January 22 in which you convey the Japanese Government's view regarding the contemplated purchases of wheat and barley by Japan from the United States under the provisions of Section 550 of the Mutual Security Act.

I wish to make it clear again that, in the view of the Canadian Government, any such purchase by Japan, for which Canadian suppliers are not granted an equal opportunity of competing, would be inconsistent with the principles of unconditional non-discrimination which occupy a position of central importance in the projected agreement on commerce between Canada and Japan. Under the terms of this agreement, purchases of wheat and barley would have to be based on strictly commercial considerations, regardless of the particular currency used and regardless of any ancillary conditions of purchase. There should be no misunderstanding between our two governments in this matter.

At the same time, I wish to assure you that the Canadian Government fully understands and sympathizes with Japan's present difficulties and we recognize the importance of strengthening the Japanese economy. We do not wish to stand in the way of Japan receiving aid or special assistance from the United States.

We have, therefore, examined the present position in the hope of finding a solution for the specific problem that has arisen with respect to the particular purchases under the Mutual Security Act now being discussed between Japan and the United States. The Canadian Government wishes to find a solution which will safeguard the continuing commercial flow of Canadian wheat and barley to Japan. In the case of wheat, we note that Japan has been obtaining about ten cargoes per month from Canada, and we have every reason to believe that under normal commercial conditions Japan would continue to take at least that quantity from Canada during the coming months. We would propose, therefore, that arrangements be made for the continuation of shipments at this level during the balance of the present Canadian crop year and the coming crop year, i.e. to the end of July, 1955, to assure the movement of Canadian wheat in the face of these particular special arrangements with the United States. The Canadian Wheat Board would now be prepared to negotiate with the Japanese authorities on this basis for wheat contracts covering this period. In the case of barley, it is felt that Japan's purchases from Canada under competitive conditions would be at a level of about 50 percent of Japanese total imports, or a minimum amount of about 350,000 tons annually, which is about the figure mentioned in your letter of January 22, and it is our proposal that contracts

be made for barley to this extent at the same time. It is understood, of course, that Canada would be prepared to undertake to supply the wheat and barley under the proposed contracts at market prices for Canadian grain at time of shipment.

I hope that these proposals may serve to resolve the present difficulties to the mutual satisfaction of our two countries.

Yours sincerely,
[C.D. HOWE]

815.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], March 25, 1954

...

JAPAN; SIGNING OF AGREEMENT ON COMMERCE

3. *The Secretary of State for External Affairs*, referring to discussion at the meeting of February 3rd, 1954, recommended, with the concurrence of the Minister of Trade and Commerce, that he be authorized to sign the Agreement on Commerce with Japan.

4. *The Cabinet* agreed that the Secretary of State for External Affairs be authorized to sign, on behalf of Canada, the Agreement on Commerce between Canada and Japan, at Ottawa, on or about March 31st, 1954; an Order in Council to be passed accordingly.

(Order in Council P.C. 1954-444, March 25)†

...

816.

DEA/10839-40

L'ambassadeur du Japon
au ministre du Commerce

Ambassador of Japan
to Minister of Trade and Commerce

CONFIDENTIAL

Ottawa, March 31, 1954

Sir,

Thank you for your letter of January 26th addressed to my predecessor in which you proposed a practical approach to solve the problem which has arisen with respect to the relationship between the projected purchases by Japan of wheat and barley from the United States under the terms of Section 550 of the Mutual Security Act and the terms of the Agreement on Commerce between Japan and Canada.

I wish to inform you that the Japanese Government, with a view to assuring the Canadian Government of continued flow of Canadian wheat and barley to Japan at

a normal level in the face of the special arrangements with the United States, will take necessary measures within its power to ensure purchase, through commercial channels, of Canadian wheat and barley in the amounts and for the periods as specified below, at selling prices for Canadian wheat and barley on a competitive basis, provided that the said Japan-Canada Agreement on Commerce comes into force in the near future:

(a) During the period from February 25th to July 31st, 1954, inclusive:
Canadian wheat of 200,000 tons or approximate, and Canadian barley of 50,000 tons or approximate.

(b) During the next Canadian crop year, August 1954 to July 1955, inclusive:
Canadian wheat of 550,000 tons and Canadian barley of 300,000 tons, as a minimum, the purchase of which will be spread out as evenly as feasible on a quarterly basis.

I am, Sir,

Yours sincerely,
KOTO MATSUDAIRA

DEA/10839-40

817.

Le ministre du Commerce
à l'ambassadeur du Japon

Minister of Trade and Commerce
to Ambassador of Japan

CONFIDENTIAL

[Ottawa], March 31, 1954

Your Excellency:

Thank you for your letter dated March 31st advising that your Government is prepared to take the necessary measures to ensure the purchase by Japan of Canadian wheat and barley in the minimum quantities as indicated during the balance of the present crop year and during the next crop year. I note that your Government's undertaking is conditional upon the coming into force in the near future of the agreement on commerce between Japan and Canada.

Your Government's proposals are acceptable as an undertaking of the minimum quantities which will be purchased by Japan to maintain the continued flow of Canadian wheat and barley to Japan at a normal level in the face of the special arrangements with the United States. I hope that actual purchases will exceed the minimum quantities as undertaken.

May I suggest that it will be helpful to the Canadian Wheat Board, and I believe to the Japanese Government, if the purchases can be made as much in advance of the shipping periods as possible, so that the Japanese requirements may be programmed in a manner acceptable to both buyer and seller.

Yours sincerely,
C.D. HOWE

818.

PCO

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

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 86-54

[Ottawa], April 1, 1954

CONFIDENTIAL

DECLARATION OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE CONCERNING THE APPLICATION OF THE GENERAL AGREEMENT TO COMMERCIAL RELATIONS BETWEEN THE CONTRACTING PARTIES AND JAPAN

The Contracting Parties to the General Agreement on Tariffs and Trade at the Eighth Session, which was held in Geneva from September 17 to October 27, 1953, adopted and opened for acceptance a Declaration whereby, pending tariff negotiations with Japan for her accession, the commercial relations between any contracting party in a position to accept the Declaration and Japan would be governed by the provisions of GATT.[42] This Memorandum seeks Cabinet approval for the Government of Canada to enter into the Declaration.

The arrangements which were made with respect to Japan at the last GATT Session provided for Japan to participate in GATT on a provisional basis pending tariff negotiations. By a *Decision* taken at the Session, Japan was invited to participate in the meetings and the work of the Contracting Parties. The *Declaration* to which reference is made above provides for the application of the General Agreement to commercial relations between Contracting Parties and Japan. To date the Declaration has been accepted by 23 of the Contracting Parties.

Cabinet decided at its meeting on October 21, 1953 that the Canadian Delegation to GATT should indicate that Canada would be prepared to consider the application of the General Agreement between Canada and Japan as soon as a bilateral agreement was ratified and on the understanding that the bilateral agreement would prevail in any respect in which it was not specifically provided for in the GATT. In accordance with these instructions the Canadian representative at the GATT Session stated: "The Contracting Parties are aware, I think, that Canada and Japan are currently engaged in negotiating a trade agreement, consistent with GATT, and designed to place commercial relations between our two countries on a stable and mutually advantageous basis. We are hopeful that it will prove possible soon to conclude a satisfactory agreement. In this event, and subject to the terms of such an agreement, the Canadian Government will then be in a position to give serious consideration to entering into an arrangement with Japan whereby the GATT will govern our commercial relations."

In line with this policy the Prime Minister indicated in his speech in Tokyo on March 11th "We were happy to join with other countries in welcoming Japan to the

[42] Voir/See Volume 19, Document 418.

meetings of the Contracting Parties to the General Agreement on Tariffs and Trade. With the completion of action on the commercial agreement between our two countries, we would expect to be in a position to apply the General Agreement on Tariffs and Trade to our trading relations."

As the Agreement on Commerce was signed on March 31st Cabinet may therefore now wish to approve that when our bilateral agreement with Japan is ratified Canada should enter into the Declaration. It is anticipated that early action towards ratification will be taken by Japan. If Cabinet approves this course of action, the Executive Secretary of the General Agreement on Tariffs and Trade will be notified of acceptance of the Declaration by the Government of Canada as soon as the instruments of ratification are exchanged.

Recommendations

Accordingly, with the concurrence of the Minister of Trade and Commerce and the Minister of Finance, I respectfully recommend that:

"(a) Cabinet approve the acceptance by the Government of Canada of the Declaration of the General Agreement on Tariffs and Trade Concerning the Application of the General Agreement to Commercial Relations between the Contracting Parties and Japan; and

(b) An Order-in-Council be issued, along the lines of the attached Submission,† granting authority to execute and deposit, on behalf of the Government of Canada, an Instrument of Acceptance of this Declaration, it being understood that Canada's acceptance will be subject to the provisions of the Agreement on Commerce between Canada and Japan of March 31, 1954, and that the Instrument of Acceptance will not be deposited until this Agreement has been ratified."[43]

L.B. PEARSON

[43] Approuvée par le Cabinet le 1er avril 1954. L'Accord de commerce Canada-Japon a été ratifié le 7 juin 1954./Approved by Cabinet, April 1, 1954. The Canada-Japan Trade Agreement was ratified on June 7, 1954.

SECTION B

IMMIGRATION

819. PCO

Note du ministère de la Citoyenneté et de l'Immigration pour le Cabinet

Memorandum from Department of Citizenship and Immigration to Cabinet

CABINET DOCUMENT No. 9-54 [Ottawa], November 17, 1952

JAPANESE IMMIGRATION

1. From 1900 to 1905 the Japanese Government prohibited immigration to Canada but in 1906 our adherence to the Treaty of 1894 between Great Britain and Japan brought about a substantial increase in immigration, details of which are attached.[44] A secret agreement with Japan was made in 1907,[45] a further agreement in 1923,[46] and a new arrangement in 1928.[47] The latter provided for 150 immigrants of Japanese nationality of certain defined classes (details attached), in addition to P.C. 2115, i.e., at that time wives or children under 18 years of age of Canadian citizens resident in Canada who were British subjects under Canadian law. This agreement was automatically terminated by the outbreak of war in 1941 and has not been renewed by the Peace Treaty.

2. By P.C. 10773 of November 26, 1942,[48] certain Canadian citizens by birth or naturalization who departed from Canada for Japan in an exchange of nationals were deprived of their citizenship status, and by P.C. 7355 and P.C. 7356 of December 15, 1945, other Canadian citizens by *naturalization* were deprived of their citizenship status. A total of 3964 persons were repatriated under these 3 P.C.'s. By P.C. 3689 of July 31, 1952, the Enemy Aliens Order was rescinded so that immigration from Japan is now governed by P.C. 2115 of September 16, 1932, which applies to all persons of Asian origin.

3. P.C. 2115 now provides for the admission of the wife, husband or unmarried children under 21 years of age of any Canadian citizen legally admitted to and resident in Canada who is in a position to receive and care for his dependents. In the case of Chinese, this has been extended in special cases on compassionate grounds to 25 years. Agreements have been signed with India, Pakistan and Ceylon to provide for the admission of 150-100-50 respectively, in addition to wives, husbands and minor children under 21 of Canadian citizens resident in Canada who are in a position to receive and care for them.

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[44] Voir/See United Kingdom, *State Papers*, Volume 86, pp. 39-53.
[45] Voir Canada, Chambre des Communes, *Débats*, 1907-1908, volume 2, cols. 2120-2121./See Canada, House of Commons, *Debates*, 1907-1908, Volume 2, cols. 2040-2041.
[46] Voir/See Volume 3, Documents 679-680, 683-684.
[47] Voir/See Volume 4, Documents 831-836.
[48] Voir/See Volume 10, Document 918.

4. Therefore, the following groups and classes of persons in Japan, or elsewhere, of Japanese origin are to be considered with respect to immigration:

(a) Canadian citizens who are now in Japan:

(i) Persons who were in Japan at the outbreak of the war;

(ii) Canadian-born minor children of Japanese parents; these children do not lose their status by the P.C.'s above referred to and are, therefore, admissible as natural-born Canadians.

It has been estimated that there are at least 3,000 to 4,000 natural born Canadians in Japan and that many of them have married so that the total number admissible may run to 10,000.

Under the Immigration Act Canadian citizens are admissible as a matter of right and entry, therefore, cannot be refused. It would seem that on humanitarian grounds we should allow them to bring their families with them providing satisfactory arrangements can be made for care and maintenance in Canada; notwithstanding the regulations require the applicant to be a resident of Canada.

(b) Persons who had domicile in Canada and who were in Japan at the outbreak of the war. It is assumed that most of them would have lost their Canadian domicile but there may be some cases where a claim is made that Canadian domicile has been retained; each of those cases will have to be studied on its own merit.

(c) Persons admissible under P.C. 2115 not included in the above. The numbers in this category would depend chiefly on whether Japanese Canadians will continue the custom of returning to Japan for marriage when travel facilities to that country are established. There may be a small number of applications from persons now in Canada.

(d) Canadian citizens who served in the enemy armed forces. There are 32 known cases in this category and these are included in (a). At the Cabinet meeting of July 31st, it was agreed that passports may henceforward be issued to Canadian citizens of Japanese race notwithstanding the fact that they served in enemy forces; it being understood that if an examination of his war record proved any such person to be clearly undesirable every effort would be made to prevent his return to Canada.

5. It would, therefore, seem that there are between 10,000 and 12,000 people of Japanese origin who by reason of birth in Canada, or by reason of being an immediate close relative of Canadian citizens of Japanese origin, are now admissible. Consideration must, therefore, be given as to the facilities to be provided for the processing of those now admissible and of what other arrangements, if any, are to be made with the Japanese Government for the admission of other classes.

6. It is to be assumed that it would be the desire of the Japanese Government that the 1928 agreement should be revived. A case could be made for doing it in our interests to show the Japanese authorities that we are not discriminating against them, and to regulate the flow when the time comes for normal immigration. However, a case can be made against it in that we would be making an exception to P.C. 2115 in favour of our former enemies, placing the Japanese people in the same category as those of Pakistan, India and Ceylon, and preferred to those from China and every other Asian country now covered by P.C. 2115.

7. It is felt that admission should be refused to those who were voluntarily repatriated and lost their citizenship and domicile, unless, of course, they are otherwise admissible under 2115. On the other hand, it is felt that admission cannot be refused to the natural born or naturalized (with their wives and children) who were out of Canada at the outbreak of the war. We should also allow the return to Canada of those who returned to Japan since the war but have not lost their citizenship under P.C. 7355 and 7356 of 1945. Neither would it be advisable to delay the admission of the wives and children of Canadian citizens residing in Canada.

8. In view of the fact that prior to the war with Japan immigration of Japanese was administered under bilateral agreement, it is to be expected that the Japanese Government will press for a similar agreement now and, therefore, we should be prepared to negotiate such an agreement, but it would appear advisable to delay the conclusion of such agreement for some time and it could be explained to the Japanese authorities that it is essential from a Canadian point of view that we dispose of the 10,000 to 12,000 people who would now be entitled to admission to Canada under present regulations.

9. It is to be noted that Chinese immigration reached a peak last year of 2,708 and that in 1952 about 2,300 will be admitted. It is expected that Chinese immigration will decline further next year unless the admissible classes are widened, which appears unlikely. It is estimated that, for the next five years, unless conditions change in China or unless changes are made in the regulations, immigration from China will be of about 1800 per year. Although the Chinese population is spread throughout Canada the largest group, about 30% reside in British Columbia. British Columbia receives annually from 600 to 800 new Chinese immigrants. Prior to the last war practically all the Japanese in Canada were residing in British Columbia. However, during the war, for security reasons, they have been moved to the Prairie Provinces and Ontario. According to the 1951 Census, the Japanese population in British Columbia is 7,169 while the total population of Japanese in Canada is 21,663. It is to be expected that those who would be admissible as close relatives will join relatives where they reside in Canada. On the other hand, Canadians of Japanese extraction who may return from Japan will, in all probability, return to British Columbia. As for those who may be admitted under an agreement, past experience would suggest that they would establish themselves in British Columbia. As it would appear unwise to contemplate the admission of more than 3,000 Chinese and Japanese annually in that province, it is, therefore, an additional reason for deferring as long as possible the signing of an agreement with the Japanese Government along the lines of the one existing prior to the second World War.

DEA/9890-40

820.

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur au Japon

Secretary of State for External Affairs to Ambassador in Japan

TELEGRAM 77

Ottawa, March 8, 1954

CONFIDENTIAL

Reference: Your telegram No. 52 of March 2, 1954.†

On the initiative of the Minister of Citizenship and Immigration, Cabinet reviewed in general terms on January 14 a year-old paper outlining some of the difficulties now encountered by Canadian citizens of Japanese origin and their families desiring to return to Canada from Japan. Cabinet directed that in applying the terms of P.C. 2115 of September 16, 1932, this should be done in such a way that it would not result in any sudden large movement which might be opposed in certain parts of Canada. Although no official approach had been made by the Japanese Government, Cabinet was aware of the probable desire of the Japanese Government for prestige reasons to overcome present exclusion of Japanese immigrants to Canada other than those Canadian citizens covered under P.C. 2115, their wives and children. Cabinet directed that this whole question should be studied by the Departments concerned. It is not expected that a report will be made for some time. You may wish to enquire from the Prime Minister about further particulars of Cabinet's discussion.

CHAPITRE VIII/CHAPTER VIII
AMÉRIQUE LATINE
LATIN AMERICA
ORGANISATION DES ÉTATS D'AMÉRIQUE
ORGANIZATION OF AMERICAN STATES

821.

PCO

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

Memorandum from Secretary of State for External Affairs to Cabinet

CABINET DOCUMENT NO. 195-54 [Ottawa], September 4, 1954

CONFIDENTIAL

ECONOMIC MEETING OF THE ORGANIZATION OF AMERICAN STATES TO BE HELD IN RIO DE JANEIRO IN NOVEMBER, 1954; PROPOSAL FOR CANADIAN PARTICIPATION AS AN OBSERVER

I. *Introduction*

1. The Canadian Embassy in Washington informed the Department of External Affairs by letter No. 942 of March 28 [sic] (copy attached as Annex "A") of an enquiry by officials of the United States State Department as to whether Canada was interested in being represented in some way at the Economic Meeting of the Organization of American States to be held in Rio de Janeiro in November. The Secretary of State for External Affairs has also received a personal letter dated August 24, 1954,† from Mr. John Foster Dulles, in which it is suggested that the Economic Conference at Rio could be of considerable importance to Canada and that he, Mr. Dulles, wonders whether the Canadian Government would be open to an invitation.

II. *Background*

2. At the Tenth Inter-American Conference of the Organization of American States, held at Caracas, Venezuela, in March, 1954, it was agreed that consideration of major economic problems would be deferred until a special economic conference was held in Rio de Janeiro during the last quarter of 1954. The main reason for this deferment is said to be that the United States' administration's foreign economic policy, in particular towards Latin America, had not yet been approved by the United States Congress. The Rio Conference will be the first major economic conference held under the auspices of the Organization of American States. The tentative agenda for the Rio meeting contains the following main items:

(a) Prices of raw material

(b) Tariffs and trade restrictions
(c) Technical assistance and financial co-operation in economic developments
(d) Hemispheric trade

III. *Problem*

3. Should Canada accept an invitation to attend the Rio Conference with the status of observer? It is difficult to answer this question without giving consideration first to the fundamental problem of Canadian relations with the Inter-American system, and to a policy of closer relations with Latin America.

IV. *Considerations*

For:

4. The Conference is taking place in the country in which Canadian investments are the greatest and which is Canada's largest export market in Latin America. As hosts, the Brazilians would attach particular importance to Canadian attendance.

5. The main items on the agenda of the Rio Conference would seem to have some interest to Canada, mainly, "tariffs and trade restrictions" and "hemispheric trade". Discussions under the item "financial co-operation in economic developments" might possibly also have some bearing on the position of such Canadian interests as the Brazilian Traction.

6. At the Rio Conference, it has been said, important decisions will be taken which will have a significant bearing on the conditions under which trade will be carried on in the hemisphere and which may affect development of Canadian economic and commercial relations with Latin America.

7. The status of observer does not impose the necessity for any action by Canada at the Conference.

8. There exists a keen interest in various departments of the Canadian Government in obtaining firsthand information on the problems to be discussed.

Against:

9. The presence of a Canadian observer at the Rio Conference is not indispensable in order to obtain firsthand information on the Rio Conference. The meetings are held in public and the Canadian Embassy in Rio is well situated to perform this function.

10. Though the terminology of the main points indicated on the agenda for the Rio Conference seem to indicate broad discussions, it would follow that a regional organization would treat the subjects in a regional manner. The Canadian Government policy has been to deal with such problems on a broad and more general basis. In any case, most of the issues to be debated at the Rio Conference, such as trade and tariff policies, commodity agreements, position of under-developed countries, will be the subject of intensive discussions under the General Agreement on Tariffs and Trade, and possibly the International Monetary Fund when currency convertibility and revised trade rules are expected to be considered in coming months.

11. In view of the soundings made by certain Latin American countries as to Canada's intentions towards the Organization of American States and the many expres-

sions of desire to see Canada share more actively in the work of the O.A.S. Canadian attendance at the Rio Conference would be interpreted as an intimation of Canada's interest in establishing closer relations with the O.A.S. and might well precipitate a formal invitation to join this organization. The Canadian Ambassador in Rio de Janeiro, who was consulted on this matter, feels that Canadian attendance at the Rio meeting would inevitably result in an invitation to join the Organization of American States. (See attached despatch No. 369 of June 24, 1954, Annex "B").

V. *Conclusion*

12. Unless the Canadian Government is prepared to re-consider its policy towards the Organization of American States (the present Canadian policy is outlined in Annex "C"), with such commercial, financial and political implications as may be involved, it is suggested that it may not necessarily be in the Canadian interest from an economic point of view to accept an invitation to attend the Economic Meeting at Rio. On the other hand, the time may have come for the Canadian Government to consider revising its policy towards the O.A.S.: Developments of very considerable significance have taken place since the last submission to Cabinet in 1947, not only in Canada's relations with Latin America, but also in the importance of the countries of Latin America in world affairs, particularly at the United Nations. United States policy towards Latin America is now more co-operative and flexible, thus reducing the possibility of friction; Canadian trade has increased more than fifteen-fold, but competition, particularly from continental European countries, is becoming keener; the importance of retaining the good-will of Latin American countries in the cold war is not negligible.

L.B. PEARSON

[ANNEXE "A"/ANNEX "A"]

L'ambassade aux États Unis
au sous-secrétaire d'État aux Affaires extérieures

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

LETTER NO. 942

Washington, May 28, 1954

CONFIDENTIAL

O.A.S. ECONOMIC MEETING IN RIO DE JANEIRO

During the course of one of our regular meetings at the State Department we were asked by Hayden Raynor whether the Canadian Government wish to consider being represented in some way at the Economic Meeting of the Organization of American States to be held in Rio de Janeiro in November. Raynor pointed out that Mr. Pearson and Mr. Howe had made incidental references to this meeting when they were in Washington in March, and while it was realized that no direct suggestion was made for Canadian representation, it has occurred to the State Department that the Canadian Government might wish to consider the possibility.

2. Ambassador Bowen, who is the United States representative on the Inter-American Social and Economic Council, was present during this conversation and indicated some of the main items on the agenda for the November meeting. They are as follows:

(i) Prices of raw material;

(ii) Tariffs and trade restrictions;

(iii) Technical assistance and financial co-operation in economic development;

(iv) Hemispheric trade.

He also suggested that if the Canadian authorities wish to raise the subject at all, it might be well to do this to the Brazilian Government since initiatives from the United States Government in the O.A.S. were inclined to be regarded with suspicion.

3. Looking over the summary record of the meeting of the Joint United States-Canadian Committee on Trade and Economic Affairs, we are inclined to feel that the references to the Rio meeting are quite indirect as far as Canada is concerned.[1] However, we made no comment on the State Department suggestion other than to say that we were sure the Canadian authorities would appreciate the suggestion that they have the opportunity of considering the possibility of attending in the capacity of an observer. It was drawn to our attention that the presence of a Canadian observer would require an alternation in the terms of reference in the Social and Economic Council. We did, however, get the impression that the United States authorities would welcome a suggestion for Canadian representation.

4. We should be glad to have your instructions on what we should say further in this connection. There is, of course, no suggestion of other than oral communications.

[ANNEXE "B"/ANNEX "B"]

L'ambassadeur au Brésil
au secrétaire d'État aux Affaires extérieures

Ambassador in Brazil
to Secretary of State for External Affairs

DESPATCH 369 Rio de Janeiro, June 24, 1954

CONFIDENTIAL

Reference: Your despatch No. X-243 of June 10,† and my despatch No. 341 of June 14.†

O.A.S. ECONOMIC MEETING IN RIO DE JANEIRO

When I wrote on June 14th that I would like to wait until after the Rio economic conference before giving you our views on the advisability of joining the O.A.S., I had in mind that the conference would present the best opportunity we have ever

[1] Voir/See Document 525.

had to learn how the Organization functions in the general area in which our interest is greatest and where our contribution is likely to be the most significant. Further, the agenda contains specific issues of immediate concern to us — tariffs and trade restrictions, hemispheric trade, and financial cooperation in economic development. When we see how the Organization tackles these problems we might be able to determine once and for all whether there was a place in it for us.

2. I see little in favour of accepting the U.S. suggestion to attend in the status of an observer. If we attend any O.A.S. meeting as an observer we are as good as committed to join the organization, for I do not see how we could refuse the invitation to join which would inevitably soon be forthcoming without giving deep offense: a refusal to join *after* observing would say in effect that we did not like what we had seen. If we are to enter the O.A.S. let us enter it as a member and reap the advantage of full membership boldly assumed. I see no point in crawling in through an observership particularly if I am right in thinking that we couldn't crawl out.

3. The risk we run in refusing to attend the economic meeting as an observer is that something will happen at the conference to hurt us which we would be able as an observer to prevent. I think this risk is negligible for there is little we could do as an observer at the coming meeting to prevent anything, particularly since it would be our first appearance in strange surroundings. Positions on the main issues are entrenched and strongly held, and I doubt if the force of suasion we could bring to bear indirectly would be of any avail. Observership would merely involve us to some degree and commit us to joining the O.A.S. without giving us the compensation of being able to protect our interests at the meeting.

4. I would be inclined to tell the Americans that we are re-examining the question of joining the O.A.S. If we do join we would prefer to begin our association as a member, not as an observer. In re-examining our position, what happens at the Rio conference will be of the greatest interest to us and we would appreciate being kept as fully in the picture as their busy delegation would find it possible to do. I think we are reasonably well equipped here to follow the conference if we can get cooperation of this sort from the Americans. If, as I assume, the "Ambassador Bowen" mentioned in the letter is Mervin H. Bohan, and if he heads up the delegation to Rio, as is likely, I think it would work. I know him well. If you do adopt my suggestion, our people in Washington might try to have Bohan present when they see Raynor again. (Bohan, in a speech in Los Angeles on May 20th, said: "I think the system of Inter-American conferences and meetings is a mechanism which is still not well understood or appreciated in the United States." If the public of the leading member nation is ignorant, our own uncertainties might be forgiven us).

5. I see there might be some domestic political gain in being able to say that we had an observer present, but this, I feel, is due to a misconception of what an observer can do. So long as we are not members of the O.A.S. we cannot protect our interests, whatever they are. It is the question of membership that we need to settle, and can best settle, I feel, after the meeting.

S.D. PIERCE

[ANNEXE "C"/ANNEX "C"]

Note

Memorandum

[Ottawa, n.d.]

The most recent official statement on Canada's policy concerning participation in the Organization of American States was made by the Prime Minister in the House of Commons on March 27, 1953. He mentioned that the position of the Government of Canada had not changed since he had last referred to this subject on February 12, 1949, when speaking at a press conference in Washington. On that occasion he said:

"Our Government has been giving thought to the Pan American Union over a great many years and our relations with the members of the Pan American Union . . . have always been most satisfactory. The angle from which this has been examined is as to whether our actual participation in the Pan American Union would be productive of any real advantage for any of its members. Our cultural, our trade relations, with other members of the Pan American Union have always been very good and they will improve constantly. So far it has not appeared to us that there would be any decided advantage in a formal membership in the Pan American Union . . . At the present time, we consider it much more urgent to bring about this North Atlantic Union than to extend one that might be regarded as exclusive for the Western Hemisphere."

2. Canada's position had previously been stated by Mr. King in the House of Commons on August 4, 1944; his statement contained the following points:

(i) A prerequisite of any action by Canada would be an invitation from the present members to join;

(ii) Canadian participation in such an organization should be based only upon a wide general appreciation in Canada of the organization's purposes and responsibilities.

Mr. King did not believe that such an appreciation existed then and a Gallup Poll conducted in June, 1947, revealed that the situation remained unchanged. 70% of the persons polled knew nothing of the Pan American Union.

3. A memorandum dated October 14, 1947, dealing with Canadian participation in the O.A.S., was submitted to the Cabinet.[2] The memorandum recommended that, on balance, it would be advisable for Canada to defer at that time any decision to establish closer ties with the inter-American system. However, decision with respect to this memorandum was deferred by the Cabinet.

4. The Government is not convinced that membership in the Organization of American States would benefit Canada or improve its situation to a degree corresponding to the effort involved. Also, it is doubtful that under present circum-

[2] Voir/See Volume 13, Document 602.

stances — particularly in the light of the current defence effort — Canada could make a substantial contribution to the O.A.S.

5. There does not seem to be any pressing reason which should prompt the Canadian Government at the present time to change this attitude towards the inter-American system. Economically, however, Canada is becoming more interested in Latin America and it may well be that this eventually will require participation in the O.A.S., the major organ of relationship between the twenty-one republics of the Western Hemisphere.

822.

PCO

Extrait des conclusions du Cabinet

Extract from Cabinet Conclusions

TOP SECRET

[Ottawa], September 17, 1954

...

ECONOMIC CONFERENCE OF THE ORGANIZATION OF AMERICAN STATES, NOV. 1954; IMPLICATIONS OF CANADIAN ATTENDANCE

41. *The Secretary of State for External Affairs*, said an inquiry had been made by the U.S. State Department as to whether Canada was interested in being represented at the economic meeting of the Organization of American States to be held in Rio de Janeiro in November. In addition, he had received a personal letter from the U.S. Secretary of State suggesting that the Conference could be of considerable importance to Canada. Mr. Dulles wondered whether Canada would welcome an invitation. At the 10th Inter-American Conference of the Organization of American States, held earlier in the year, it had been agreed that major economic problems would be considered at a special conference during the last quarter of 1954. The reason for this was said to be that the U.S. administration's foreign economic policy, particularly towards Latin America, had not yet been approved by Congress.

The agenda of the Rio Conference would include such items as prices of raw materials, tariffs and trade restrictions, technical assistance and financial co-operation in economic development, and hemispheric trade. The arguments for having a representative at the meeting included the nature of the agenda, containing items of considerable interest to Canada, the belief that the Brazilians would attach particular importance to Canadian attendance in Rio and the claim that important decisions would be taken which would have a significant bearing on the conditions under which trade would be carried out in the western hemisphere. There was a keen interest in various departments in obtaining first-hand information on the problems to be discussed. The status of observer would not require any action by Canada at the conference.

On the other hand, the presence of an invited Canadian observer was not essential to obtain first-hand information about the conference, and many of the subjects to be discussed would be considered at forthcoming meetings of the Contracting Parties to the General Agreement on Tariffs and Trade and of the International

Monetary Fund. Canadian attendance could be interpreted as an indication of Canada's growing interest in the Organization of American States and might well lead to a formal invitation to join.

Unless the government was prepared to reconsider its policy towards the Organization it appeared, on balance, not to be in Canada's interest to accept the invitation. However, significant developments had occurred in Canada's relations with Latin America in recent years. U.S. policy towards the countries in the area was now more co-operative and flexible and the importance of obtaining their goodwill in the cold war was not negligible.

An explanatory memorandum had been circulated.

(Minister's memorandum, Sept. 4, 1954 — Cab. Doc. 195-54).

42. *In the course of discussion* the following points emerged:

(a) It was probable that the U.S. interest in Canada's attendance was motivated by a desire for support in resisting proposals likely to be made for economic aid and assistance.

(b) If the invitation to attend as an observer were accepted, it was likely that there would be increasing pressure for Canada to accept a formal invitation to join the organization.

(c) While the Canadian Ambassador in Brazil had indicated, earlier in the year, that he did not think it advisable to attend in the status of an observer, he had now changed his mind and felt that such a status would produce better reporting of the proceedings than would otherwise be possible.

(d) The relations between Canada and Latin American nations were increasing in scope and importance. Trade had grown and prospects for further expansion in this field were bright; more and more students were being exchanged. Within Canada, there were feelings in some quarters that the government was not as concerned with this organization as it was with others composed in large measure of English speaking, Protestant nations.

(e) If the invitation was accepted, any undue prominence which might be attached to Canada's participation at the Conference could be avoided by designating our Ambassador to Brazil as Canada's Observer. At a later stage the whole question of Canada's future association with the organization would probably have to be discussed, as an acceptance might well be followed up by suggestions that Canada accept full membership.

43. *The Cabinet* noted the report of the Secretary of State for External Affairs concerning the approach which had been made about an invitation to attend the Economic Meeting of the Organization of American States, to be held in Rio de Janeiro, in November, and agreed that an invitation to attend this meeting could be accepted and that arrangements should be made for the Canadian Ambassador to Brazil to act as Canadian observer at the Conference.

823.

DEA/2226-B-40

Le chargé d'affaires de l'ambassade aux États-Unis au secrétaire d'État aux Affaires extérieures

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

TELEGRAM WA-1800

Washington, October 15, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Your teletype EX-1848 of October 7, 1954.†

ECONOMIC MEETING OF THE OAS IN RIO

We had two conversations this week with the State Department on the forthcoming ministerial meeting of the OAS Inter-American Economic and Social Council to be held in Rio. We discussed at the first meeting, held with members of the office of regional American affairs, United States positions on some of the problems to be debated in Rio. We followed up this meeting by a conversation with Robert Woodward, Deputy Assistant Under-Secretary for Inter-American Affairs, Deputy Director of the Office of Regional American Affairs, and Horsey, and took this opportunity to discuss procedural aspects of our participation at the Rio meeting. It is our intention to report here on arrangements for Canada's participation and to report in a subsequent letter on United States views concerning the economic problems to be discussed in Rio.

2. Mr. Woodward told us that the confidential announcement of Canada's willingness to participate in the Rio meeting had been welcomed by all members of the General Committee of the Economic and Social Council of the OAS to which it had been reported by the Brazilians. The matter of an invitation being issued to Canada was being thoroughly studied by the General Committee with a view to ironing out procedural difficulties arising out of the absence of constitutional provisions for participation in such meetings of a country having the status of an observer. (Some international organizations enjoy the status of observer already but the problems raised by their participation is understandably of a different nature).

3. There was no doubt, Mr. Woodward said, as to the sympathy with which the countries represented in the General Committee were welcoming Canadian participation. There had been some sensitivity in certain quarters, however, lest an invitation be issued and not accepted. There was a precedent of such a situation and members of the General Committee wished to be sure in advance of Canada's acceptance of the invitation before issuing it. They were satisfied in this respect by Brazilian assurances concerning Canada's intentions and the remaining problem was to agree on a resolution which would provide for an official invitation to Canada and for determining the nature of its participation as an observer. According to the rules of procedure of the OAS, no individual member could extend an invitation to a non-member country. This had to be done in the form of a resolution of the General Committee, at the suggestion of an OAS member.

4. The resolution concerning Canada's participation had been drafted and discussed at meetings of the General Committee. It will come up for approval at the next meeting of the Committee which is to be held next Wednesday. The draft resolution which was shown to us in confidence states that the Brazilians have received from Canada an "inquiry" which "manifested Canada's desire to participate" in the Rio meeting. It provides also for the status of Canada as an observer. It will be noted that once approved by the General Committee this resolution will become part of the official record of the organization. We were given to understand that such resolutions are not normally published. It is possible, however, that the substance of this particular resolution might be disclosed in an OAS press release when an invitation is officially issued to the Canadian Government.

5. We expressed some surprise concerning the wording quoted above and explained that as far as we knew the Brazilians had simply been informed through the State Department of our "willingness to accept an invitation, should one be sent to us". Mr. Woodward in reply to our remark said that it was his understanding that Mr. Pearson had told Mr. Dulles in the course of a conversation that Canada wished to participate. In the State Department's view, therefore, Mr. Raynor's inquiry to Mr. Glazebrook as to Canada's intentions and Mr. Dulles' letter to Mr. Pearson were simply following up the original suggestion made by Mr. Pearson. It was the State Department's impression that we had in fact manifested our desire to participate and they had assumed that the wording of the resolution in this respect represented correctly the situation.[3] It was also the State Department's impression that the Brazilians had been approached in Ottawa or in Rio by the Canadian Government and that the subject of an invitation to Canada had been discussed. It was assumed by the State Department that the Brazilians had correctly reported Canada's desire to invited.

6. We realize that you may not be satisfied with the wording of the resolution as quoted above. A review of our files has failed to disclose indications concerning the reported conversations between Mr. Pearson and Mr. Dulles and between Canadian Government officials and Brazilian officials on this subject. It is difficult therefore, for us to determine whether the present wording of the resolution is, or is not, in line with your desires. In considering whether you would like us to seek a change in the language of the resolution you may wish, however, to bear in mind the following factors:

(a) It would not be possible for the State Department or for us to disclose the fact that we have seen the draft resolution since it was shown to us in confidence.

(b) Mr. Dulles understands, according to Mr. Woodward, that Mr. Pearson expressed to him personally Canada's desire to participate in the Rio meeting.[4]

[3] Note marginale :/Marginal note:
This is quite wrong. Mr. Dulles mentioned the matter orally and I said we would certainly consider any invitation if it were ever received. The invitation came from Dulles & also the expression of "desire" that we should participate. L.B. P[earson]

[4] Note marginale :/Marginal note:
No Dulles' own letter of Aug 24 contradicts this! L.B. P[earson]

(c) The State Department is under the impression that we expressed our views directly to the Brazilians on how we would like to see the matter handled.

(d) Members of the General Committee, while welcoming Canada's participation are sensitive as to the manner in which the invitation should be issued and there is a possibility that they might resent at this stage an indication that Canada does not wish to assume openly the responsibility for being invited to the meeting.

(e) We have not discussed with Mr. Woodward the possibility of having changes made in the resolution but we sensed that the State Department would be somewhat reluctant to suggest changes before the General Committee at this stage. They might, however, if you so desired, raise the subject informally with the Brazilians and suggest to them some alternative wording.

7. In a following teletype we intend to deal with the status of Canada as an observer and to report on United States views as to Canada's possible role in the Rio meeting.

824.

DEA/2226-B-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-1903

Ottawa, October 18, 1954

CONFIDENTIAL. IMPORTANT.

Reference: Your telegram WA-1800 of October 16 [sic], 1954.

ECONOMIC MEETING OF O.A.S. IN RIO

Following from the Minister, Begins: I was surprised to read some of the remarks attributed to Mr. Dulles and to me. It might be helpful if you had my version of the story:

(a) When I was in Washington in March of this year for the Joint Committee Meeting, Mr. Dulles made a passing reference about Canada's participation in the O.A.S. to which I replied in like vein without commitment. Toward the end of May the State Department took up with you the question of Canada's participation in the Rio Conference as an observer. On August 24, Mr. Dulles wrote to me personally to enquire if the Canadian "Government would be open to an invitation" to attend the Rio Conference. I replied on August 27 that I was looking into the "possibility of Canadian participation therein". After Cabinet consideration of the matter I told Mr. Dulles in New York, towards the end of September that if an invitation was received to attend the Rio Conference as an observer, we would accept it. At no time did I express "Canada's desire" to participate in the Rio Conference, as mentioned in paragraphs 5 and 6 of your telegram under reference.

(b) When a member of the Department discussed this matter privately with the Brazilian Ambassador in Ottawa on September 23, he also indicated clearly that if

an invitation was made, the Canadian Government would be prepared to send an observer to the Rio Conference but that Canada was not seeking an invitation. This information was conveyed to the Brazilian Ambassador because of the interest which Brazil has always taken in the matter and the fact that the Conference was to be held in Rio.

2. The interpretation contained in paragraph 5 of your telegram that all this adds up to merely a Canadian "willingness" to accept the invitation, if one were made, corresponds therefore with the facts.

3. In the circumstances, it would, I think, be appropriate for those who have it in their power to extend an invitation to accept the responsibility of making it without putting Canada in the slightly awkward position of a solicitor of favours. Might it not be suggested by the State Department that the Brazilians and the United States should take a slightly different tack? Instead of having a Resolution which notes that an "enquiry" has been received which "manifested Canada's desire to participate", it would be more accurate and better for the Resolution to note that the O.A.S. Members, desirous of extending an invitation to Canada to attend as an observer, have received an assurance from Canada that, if such an invitation were made, Canada would be willing to accept it.

4. This is a matter of some delicacy with the inviting States as well as for the State being invited but I hope that it will be possible to set the record straight. Ends.

DEA/2226-B-40

825.

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

Ambassador in United States
to Secretary of State for External Affairs

Washington, October 19, 1954

TELEGRAM WA-1811

CONFIDENTIAL. IMMEDIATE.

Reference: Your EX-1903 of October 18.

ECONOMIC MEETING OF THE OAS IN RIO

We saw Mr. Woodward again this morning after receiving your helpful message setting the records straight as to the manner in which we would like an invitation to be extended to Canada for the Rio meeting. Before we had time to put forward our views on this subject we were informed that, following remarks made by the United States representative on the General Committee, an amendment had been made in the draft resolution eliminating the necessity for the Brazilians to notify officially the OAS of Canada's intentions, and indicating "Canada's interest in the meeting" instead of "its desire to participate."

2. It was suggested by the State Department that the objectionable original wording had probably been introduced in the draft resolution by the Brazilian representative on his own initiative and that there was a possibility that he had gone beyond

his instructions from his Foreign Ministry in so doing. In any event he had agreed yesterday, along with all other members of the General Committee, with the new wording expressing simply "Canada's interest in the meeting". We said that we thought there would be no objection on Canada's part to this reference. While we realize that you would have preferred the wording suggested in your teletype EX-1903 of yesterday to this expression of Canadian interest in the meeting, we thought it might not have been altogether appropriate to suggest a new change in the draft resolution which has now been agreed upon by the General Committee. We thought further that if the new wording did not meet with your approval it might be easier to have it corrected at the suggestion of the Brazilians who were responsible in the first place for the previous wording than at the suggestion of the United States representative.

3. We were interested to learn that yesterday when the fourth meeting of the General Committee on the subject of an invitation to Canada was held, as well as during the three previous meetings, the Brazilian representative had been the only one on the Committee to express his concern at the possibility that Canada, once invited, might not accept the invitation. The precedent for an OAS invitation being refused, to which we referred in our message reporting our first conversation with Mr. Woodward, had created a certain "malaise" at the time and was responsible for that sensitivity. We learned today that this precedent is alleged to have taken place after a Peruvian invitation to Canada to attend a conference on travel, which was held in Lima in 1951, was not accepted by Canada and apparently was left unanswered.

4. We informed the State Department that a new approach to the Brazilians was to be made today in Ottawa and that it could be expected that no doubt would be left in their mind as to Canada's willingness to accept the OAS invitation. The resolution of the General Committee will be submitted tomorrow to the Council of the OAS requesting an authorization for the Economic and Social Council to extend an official invitation to Canada. According to the State Department there is no doubt that the requested authorization will be granted.[5]

[5] L'OEA a invité officiellement le Canada à participer à sa réunion de Rio à titre d'observateur le 22 octobre 1954. Le Canada a accepté l'invitation et a nommé S.D. Pierce, ambassadeur au Brésil, comme observateur. Ce dernier était accompagné de Peter Towe de la Direction de l'Amérique.
The OAS formally invited Canada to observe its Rio meeting on October 22, 1954. Canada accepted the invitation and nominated S.D. Pierce, Ambassador in Brazil, as its observer. He was accompanied by Peter Towe from American Division.

DEA/2226-B-40

826.

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1837

Washington, October 22, 1954

CONFIDENTIAL

Reference: Our teletype WA-1833 of the 22 October, 1954.†

ECONOMIC MEETING OF THE ORGANIZATION OF AMERICAN STATES IN RIO

This morning at the State Department we had a conversation about the Rio meeting with Corbett, Director of the Office of Financial and Development Policy, who accompanied Holland on his recent tour of Latin American capitals. Corbett was frank in saying that the State Department had taken the initiative in suggesting that Canada be present at the Rio meeting because they hoped we would have an exemplary effect. They had lost patience with the inconsistency in the attitude of most Latin American countries towards foreign capital and wished to have an exhibit of what could be done by a country that took practical steps to encourage foreign investment. As an illustration of the perversity of Latin American attitudes, Corbett mentioned that Brazil is currently spending approximately $200 million a year for imported oil, much of it from the United States. Nevertheless, it is believed that there are large oil deposits in Brazil. But foreign companies have not been allowed to engage even in exploratory activities. At the same time, the Brazilian authorities who talked to Holland during his recent visit to Rio were clamouring for greater foreign investment.

2. It would clearly suit the State Department very well if the Canadian observer at the Rio meeting were to be instructed to expatiate on the sound domestic policies in Canada that have attracted United States capital and to suggest, further, the United States investment in Canada has not detracted from our independence. Whether or not we draw attention to ourselves by some such statement we will clearly be on exhibit. Even if we remain mum, we will be rather like the stuffed effigy of Jeremy Bentham that may be seen in a glass case in London; and we may expect that a pointer will now and again travel in our direction when illustrating the purest principles of political economy. The moral that we will be there to enforce is that a country that keeps its own house in order may expect an inflow of foreign capital and that this need not weaken its sovereign independence even if the capital is primarily directed towards the exploitation of its raw material resources.

3. Corbett made it clear that the United States delegation will have very few sops to give to their Latin American allies. Such little largesse as they will travel with may even be kept under lock and key by the Secretary of the Treasury. One of the uncertainties of the meeting, Corbett indicated, is how Mr. Humphrey will behave. Considerable time and trouble have been taken in Washington to manufacture a few

nick-nacks that it is hoped may go some distance towards satisfying the Latin Americans. But Mr. Humphrey, as you know, is an uncompromising believer in the virtues of free enterprise and there is some apprehension that he may prevent even these meagre stores from being unpacked.

4. The United States delegation will be able to announce that technical assistance to Latin America is to be increased. But they can hardly expect many hats to be thrown in the air about that. Of more significance is the announcement they will make that the activities of the Export-Import Bank in Latin America are to be "intensified". The United States statement on economic development, according to present plans, will begin by saying the most of the money needed for economic development in South America must inevitably come from private savings, either domestic or foreign. There are, however, projects which cannot be privately financed. In so far as these require foreign capital, recourse should first be to the International Bank. Some projects, however, would not be suitable for financing by the International Bank; and the Export-Import Bank stands ready to provide capital in all such cases. Three conditions, however, must be met:

(a) The project must be economically sound;

(b) Other sources of capital must be unavailable; and

(c) There must be a good prospect that the loan can be serviced and ultimately repaid.

5. The significance of the statement that will be made by the United States delegation at Rio about the policy of the Export-Import Bank obviously depends on the spirit in which this policy is administered. Corbett told us that the decision to intensify the activities of the Export-Import Bank in Latin America had been taken within the National Advisory Council and indicated that the intent of the new policy was to provide a more liberal flow of capital to South America. If, however, the conditions cited in the paragraph above were interpreted in a niggardly way, there would be little, if any, increase in the bank's activities in Latin America. Since Mr. Humphrey has been personally inclined to take a restrictive view of the bank's operations, there is some fear in the States Department that his remarks at Rio may be such as to suggest that the new policy for the Export-Import Bank is not likely to result in many new loans. If that fear materializes, Latin American countries may be excused, Corbett said, for charging the United States with a breach of faith since Holland had been authorized to tell the ten presidents with whom he spoke on his tour they could expect more money from the Export-Import Bank.

6. Should any cloud be cast on this announcement, the United States delegation will be virtually empty-handed at the conference, since it has been decided that the requests that may be expected from Latin American countries for

(a) larger grant aid for economic development,

(b) some international scheme to stabilize commodity prices, and

(c) a firm United States undertaking to provide a fixed quantity of loan assistance over the next few years, must be resisted.

7. In discussing the requests that may be expected for larger grant assistance, Corbett reported that many Latin American officials with whom he had talked during

his recent tour with Holland had admitted there were not many fully worked out plans for economic development in Latin America that could absorb United States aid. However, they had argued that if the United States were to increase its grant assistance, this would provide a challenge which would certainly meet with an enthusiastic and workmanlike response in South America. Corbett's only comment on that thesis was that it would not be very easy to sell to Congress. There would also be some talk at Rio, he expected, to the effect that United States aid to Latin America was disproportionately small when compared with the aid extent to South and South-East Asia. He thought that if that charge were made, the United States delegation should meet it head-on by replying that most Latin American countries were intrinsically far richer than the countries in South and South-East Asia and that far more private capital was even now being invested in Latin America.

8. In the discussions that will take place at Rio on commodity questions, Corbett said that the United States delegation would express some sympathy with the problems of Latin American countries which depend for their earnings of foreign exchange on only one or two commodities. However, United States spokesmen would quickly take refuge in the rather anodyne remarks on raw materials policy made by the President Eisenhower in his message to Congress on foreign economic policy of the 30th of March; and more informally, they would add that, as a general rule, they did not see how international schemes for stabilizing commodity prices could be successfully administered. Even within the borders of a single country, the United States had run into great difficulty in trying to stabilize farm prices. The difficulties on an international scale would be immensely greater.

9. Corbett admitted that there was some sense in the request for a firm undertaking by the United States to supply capital at a fixed rate for a number of years. But he said that he and others in the United States government had difficulty in understanding why such importance should be attached to making this variable, in a very large and complicated problem, constant. Even if the amount of inter-governmental lending by the United States were increased substantially, the capital so provided would be a small proportion of all the capital, both private and public, being invested in the economic development of Latin America. In any event, of course, it would be quite impossible, because of the division of power within the United States Government, to undertake to provide a fixed amount of inter-governmental capital over a period of years.

10. All in all, it would seem that our United States friends may be in for a rather rough time. Presumably at our first appearance at an OAS meeting it would be impolitic for us to give them much comfort by stressing the importance of sound internal measures. Conversely it would probably be inappropriate for us to join very vigorously in any attack on United States commercial policy. Our proper role would seem to be to sit quietly in a corner and, without pulling out any plums, to have the air of saying, "what a good boy am I".

827.

DEA/2226-B-40

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

Secretary of State for External Affairs to Ambassador in United States

TELEGRAM EX-2025

Ottawa, November 5, 1954

CONFIDENTIAL

Reference: Your WA-1837 and WA-1833 of October 22.

RIO ECONOMIC CONFERENCE

Your telegrams have been most helpful in assessing what is likely to come up at the Rio meeting. As Canada will be attending the Conference as an observer, there would be little point in sending someone to Washington to discuss in detail the United States position. There will doubtless be occasion in Rio to have private talks of this nature.

2. It is not intended, of course, that the Observer State shall "expatiate on the sound domestic Canadian policies that have attracted United States Capital". All in all, it will be better for the Canadian representatives to sit quietly and observe. In private conversations with Latin-American representatives and where it can be done discreetly, the way in which things are being done in various Canadian fields of economic activity could be explained — remembering always that Canada is an observer only.

3. The attitude which the U.S. delegation may take regarding us is somewhat disturbing. You might find a suitable occasion to let it be known at any appropriate level in the State Department that we intend to stick closely to our modest observer's role at the deliberations of the Conference and hope, accordingly, that our friends will not focus the spotlight on us.

828.

DEA/2226-B-40

Le secrétaire d'État aux Affaires extérieures à l'ambassadeur au Brésil

Secretary of State for External Affairs to Ambassador in Brazil

CONFIDENTIAL

Ottawa, November 10, 1954

Dear Mr. Pierce,

When the Canadian Government agreed to accept an invitation to attend as an observer the Conference of Economic and Finance Ministers to be held in Rio, it did so without prejudice to Canada's future attitude toward the Organization of American States as a whole. It was largely because of Canada's marked interest in

the economic future of Latin America that it was thought useful for us to attend the Conference as an observer in order better to understand some of the main issues in the field of economics, finance and trade affecting Inter-American relations.

There is little doubt, however, that Canada's attendance as an observer at Rio will be considered as a politically significant event by the United States and the Latin-American countries. They are likely to interpret this observership as concrete evidence that, in the not too distant future, Canada will become a full member of the Organization of American States. It is *not* the wish of the Canadian Government to give currency to this thought at the present time. Our "observership" at this special economic conference should therefore be carried out in such a way as to give to Latin American countries and to the United States the minimum hope that our policy regarding fuller membership in the Organization of American States has in any respects altered. With this in mind, you should therefore do your best to keep out of the limelight and to discourage any movement for a closer association of Canada with the Inter-American system. This will not be easy if, at the same time, you are not to give offense to the representatives of Latin-American States. So as to bring you up to date on the position hitherto taken by Canada in the Inter-American system, you will find in the attached brief which has been prepared for you a memorandum on this subject prepared in the Department.[6]

I do not expect that you will find it necessary to take a position at the Conference with respect to the agenda items which will be discussed. It would be useful, however, for you to know the general Canadian policy on the subjects under consideration. Such information may be found in the attached brief. This brief ought to be of value to you in any private conversations you may have with the representatives attending the Conference.

As you know, Mr. P.M. Towe of the Department, is being sent to help you. He is aware of the latest thinking in Ottawa in the political and economic fields as they relate to this Conference. Needless to say that I wish you every success in this mission. I will be interested to read your report on not only the economic, finance and trade aspects of the Conference but also on the political aspects of Canada's presence as an observer.

Yours sincerely,
L.B. PEARSON

[6] Non retrouvé./Not located.

829.

DEA/2226-B-40

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

Ambassador in United States
to Secretary of State for External Affairs

TELEGRAM WA-1939

Washington, November 11, 1954

CONFIDENTIAL

Reference: Your EX-2025 of November 5 and EX-2039 of November 9, 1954.†

RIO ECONOMIC CONFERENCE

There is now an obvious gap between the role designed for Canada at Rio by the OAS and your plan for the delegation, and an even wider gap between the United States and Canadian ideas of the Canadian role. We appreciate the reasons for your position and I have only two minor modifications to your plan to suggest for your consideration. We fully realize that Canada cannot be trotted out at Rio as a kind of exhibit such as the State Department had intended. We would, however, be glad if we could move a few inches towards their concept of an active Canadian role, since we are naturally reluctant to dampen down the new helpfulness and frankness which now exists in the Bureau of Inter-American Affairs.

2. The more important consideration, however, we suggest, is that the Latin American members of OAS who were, as you know, sensitive about extending an invitation which might be refused should feel that we had turned down too coldly and too completely the special category misleadingly called "observer" which they had designed for us as the only American state, not a member of OAS, present at Rio. Such an impression, we feel, would be unhelpful in the general context of Canadian relations with Latin America.

3. Will you consider allowing us to explain to the State Department that while Canadian delegation will be present in Rio for the most part in the position of a true observer, that this does not preclude the possibility of contributing information when requested, or even expressing interest, if occasions for such action arose?

4. We also suggest that you might re-consider your decision not to send Towe here for pre-conference discussions. While we realize that this is not as convenient, we do feel that the offer of the State Department to place all its information before us was, whatever the motives, generous and a helpful precedent for future dealings with the bureau in question. If Towe could come here for a day and return to Ottawa, it would allow for discussions there of the information he had gathered. The less good alternative would be to have him come to Washington and from here direct to Rio.

DEA/2226-B-40

830.

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

Secretary of State for External Affairs
to Ambassador in United States

TELEGRAM EX-2073

Ottawa, November 16, 1954

CONFIDENTIAL

Reference: Your WA-1939 November 11.
Repeat Brazil No. 105

RIO ECONOMIC CONFERENCE

Clearly our position at the Rio meeting is not going to be an easy one.

2. On the one hand we are naturally not anxious to be manoeuvred into the position of having to take sides in the controversies which may develop between the United States and Latin American delegations. Neither would we be willing to subscribe to a regional approach to some of the subjects on the agenda in the unlikely event that the United States and the Latin American countries might agree on such an approach. Moreover we would not wish our conduct in Rio to give rise to a possibly misleading impression concerning the prospects for future Canadian participation in the OAS. In short, we think that we should not play an active or vocal role in the Conference.

3. On the other hand we would not want to seem unappreciative of the action of the members of OAS in inviting us to be present at this particular economic conference. We are also conscious of the fact (as no doubt the United States is) that this meeting may be a critical one in terms of future relations between the U.S. and Latin America. Only the Soviet Bloc (and possibly Argentina) would welcome, or profit by, any deterioration in relations resulting from deep differences over economic issues at this meeting. For reasons such as these we are concerned that our part in the conference should not be unhelpful.

4. On balance our conclusion is that it would be wise for our observer to be relatively passive, although we would not expect him to refrain from providing information which might be relevant to the discussions and which he might consider to be useful. The brief which is being sent to Mr. Pierce would seem to contain most of the information which it would be appropriate for him to supply. We are also letting him have our comments on the various items on the agenda for his information and judicious use.

5. We should be grateful if you would explain the situation again to the State Department and thank them for their cooperation. We would hope that they would understand our reasons for taking this position and would agree that such an attitude on our part is likely to be in the best interests of all concerned.

6. With reference to the last paragraph, Towe has already left for Rio and will, therefore, not be able to visit Washington prior to the Conference. He will consult members of U.S. delegation there.

831.

DEA/2226-B-40

L'ambassadeur au Brésil
au secrétaire d'État aux Affaires extérieures

Ambassador in Brazil
to Secretary of State for External Affairs

DESPATCH 694

Rio de Janeiro, December 2, 1954

CONFIDENTIAL

Reference: My telegram No. 114 of November 29th, 1954.†

FOURTH EXTRAORDINARY SESSION OF MINISTERS OF FINANCE OR ECONOMY OF THE ORGANIZATION OF AMERICAN STATES, QUITANDINHA, BRAZIL, NOVEMBER 22ND TO DECEMBER 2ND, 1954[7]

This was the first meeting of the Finance Ministers of all the members of the Organization of American States and it was specially convened to deal with economic questions consideration of which was postponed from the 10th Congress of American States at Caracas at the request of the United States. Nonetheless, it turned out to be a routine, public, heavily-documented meeting with none of the intimacy of a meeting of Commonwealth Finance Ministers; and little of its flavour except for the communiqué issued at the close of the conference.

2. The agenda was burdened with draft resolutions for the most part expressing fixed positions adopted in advance by the Latin-Americans. Their main goals were high and stable prices for their raw material exports and the establishment of a Latin-American lending institution to increase the flow of capital from the United States. The United States, too, started from a fixed position, at the opposite pole. It was enunciated by Holland, Assistance Secretary of State, in his speech to the Pan-American Society of the United States in New York on October 27th[8] and reiterated by Humphrey, Secretary of the Treasury, in his opening address at this meeting. It rejected inter-American solutions; asserted the adequacy of existing lending institutions, the International Bank for Reconstruction and Development and the Export-Import Bank, and the projected International Finance Corporation; and sought to maintain the sanctity of existing international obligations such as those to the

[illegible]

[7] Note marginale :/Marginal note:
Mr.Towe: In addition to preparing this for Cabinet documents and for our Latin American missions, copies should be sent to Finance, T & C (attention Mr Howe on return) and the Bank [of Canada]. The opening speech by Syd [Pierce] doesn't resemble the draft very closely but sounds like a pretty good one. American Division and Mr Léger should receive copies of all this. A.E. R[itchie]

[8] Voir/See United States, Department of State, *Bulletin*, Volume XXXI, No. 802, November 8, 1954, pp. 684-690.

GATT; and as its foundations, there was an insistence on freedom of private enterprise. With its refusal to accept the Latins' proposals, the United States announced a more liberal lending policy and outlined the further liberalization of U.S. trade and commercial policy which President Eisenhower intended to ask from Congress.

3. Thus the conference opened with a serious gap between entrenched positions. As was expected the Latin nations presented their proposals and as was expected the United States rejected them. The abruptness of the rejection was not, however, expected and at one stage in the conference it looked as if the Latin-Americans would not only be disappointed, as they had expected, but that they would be offended as well, for the U.S. delegates were for a time bluntly over-emphasizing the negative aspects of the U.S. policy. For the first time in O.A.S. meetings they did not strive to amend every resolution so they could vote for it. They frequently abstained, sometimes in the face of 20 favourable votes. For a time they were registering their abstentions too emphatically. However the U.S. delegates changed their attitude in mid-conference and cooperated as best they could within the limits imposed on them by the Humphrey doctrine, both in meetings and outside. In bilateral talks they did much to make the others appreciate the extent and the practical value of the aid which was available to them within these limits; and of the goodwill of the U.S. people and government toward Latin America.

4. At the close, the U.S. delegates were pleased with the results. They felt they had made both their position and their goodwill clear to the others and had improved relations while doing so. I think a better understanding was reached: I think relations at the best remained about as they were. State Department officials thought it had been extremely beneficial to have Humphrey and others unfamiliar with Latin America see at first hand the nature of the problem. They think they will henceforth be more sympathetic to the area.

5. The Latin members most closely associated with the major concrete proposals were disappointed because the United States would have none of it. Many others, though, were satisfied. In the first place, it turned out better than they expected. They took comfort from the assurances of increased U.S. support; from the advances made toward reducing double taxation in the United States; with the promise of some U.S. cooperation in some of the studies, notably coffee and bananas. They were heartened particularly by what they considered were indications that the Holland-Humphrey line could be breached. Those indications included the change in U.S. attitude mid-way through the Conference, which I mentioned above, even though that was a change of manner not of matter; and the unofficial speech by Congressman Fulton calling for more aid to Latin America.

6. I think the conference will in retrospect be regarded as important. The reality of the U.S. position toward Latin America had never been made as clear and this may lead the Latin Americans to adopt a more practical approach to the solution of their problems. Even those who disliked the most the medicine they had to swallow may come to acknowledge its salutary effect. For nations who are not members of the Organization the Conference was significant in that the United States firmly rejected narrow inter-American solutions in favour of a generalized multilateral approach emphasizing the importance of free initiative.

7. It was not hard to follow your instructions to keep out of the limelight and to give the Latin American countries the minimum hope of our joining the O.A.S. There were nine other non-American countries present. They were treated as invited representatives. The distinction made between them and us was that only we were seated at the council table and had a right to speak. It was necessary to use this latter privilege only once, to reply to a welcome from the President of the Session. I attach a copy of what little I said.† Our reception was warm but not effusive and we were at no time embarrassed. The Secretary of the Organization of American States, Dr. Dávila, said to me privately he looked forward to full Canadian membership. Senior Brazilian officials expressed their satisfaction at our presence. The United States representatives showed clearly we were most welcome but did not mention us in the debates, perhaps thanks to your intercession at Washington before the conference opened. The Chief Director of the Economic Commission for Latin America, Dr. Paul Prebisch, seemed to expect we might be used as an example and forestalled it by pointing out in his speech that the case of Canada was not similar to that of other Latin American States because we already were industrialized and developed.

8. Canadian interests were not directly involved. At most, some of the resolutions might lead to the establishment of study groups which might recommend courses of action which might lead Latin American nations to seek the waiver of some of their existing international obligations; and here, the effect, if any, would not be felt for a long time. When subjects of interest to Canada were discussed, the United States said for the most part what we thought needed to be said; our weight would have added little.

9. I think we would have gained nothing from full membership. In most cases we would have agreed with the United States. We could have helped the United States a little and perhaps raised the level of the debates a shade. But, all in all, I saw nothing in it for us.

10. The Ministers announced in their communiqué that they would meet again in Buenes Aires in 1956.

11. Separate notes on various subjects will follow.†

S.D. PIERCE

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A

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